

CAPITAL IMPROVEMENTS

FY 2007 CAPITAL IMPROVEMENT PROGRAM

The Capital Improvement Program (CIP) for FY 2007 represents a \$108.5 million investment of public funds in infrastructure and public facilities. The project mix has changed from prior years to 47% of the funding being provided on the pay-as-you-go basis versus 46.6% in FY 2006. The major projects in this year's budget are East Flag Gateway, Fire Stations, Rio De Flag project, Aquatic/Multi Gen Center, Business Incubator, and Wildcat Plant Upgrades. This year's capital improvement program is funded 41.3% through debt financing including the Water and Wastewater projects, Aquatic/Multi Gen Center and Fire Stations authorized by voters in May 2004. The grant funding of 11.7% is primarily for airport expansion, beautification, and streets.

In May 2004 voters approved 10 bond projects totaling \$155.2 million. These projects will be phased in over a 10-year period and budgeted on a cash flow basis.

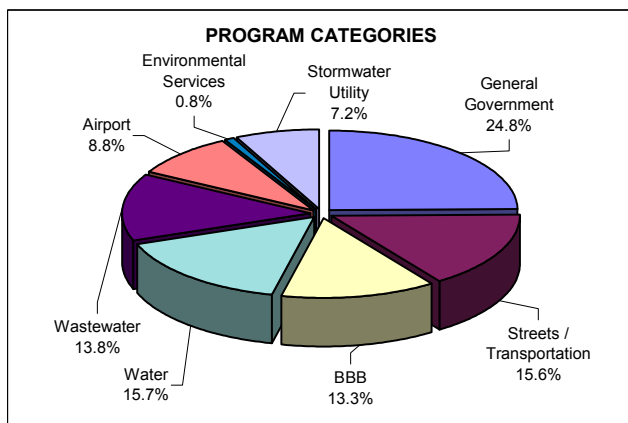
Expenditure totals may be shown as inflated or non-inflated costs depending on whether the scope of work or funding amount is the determining factor.

The Five-Year Capital Improvement Plan (multi-year, long-range study of construction and/or acquisition of high cost items with an extended useful life) is prepared separately from the Annual Budget and Financial Plan. The latest version of this plan can be found on the city website under Finance and Budget.

The following pages provided listing of the Capital Improvement projects along with a map to show the location of the improvements. The City Geographic Information System program provided the maps.

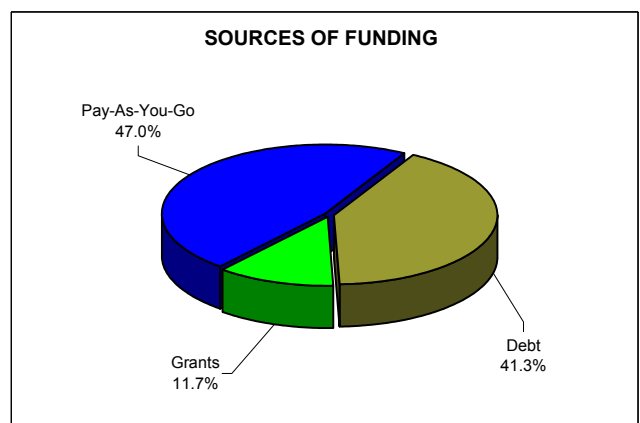
Funded projects in the five-year Capital Improvement Program fall into the following eight broad categories:

General Government	24.8%	\$ 26,889,422
Streets / Transportation	15.6%	16,884,933
BBB	13.3%	14,447,260
Water	15.7%	17,059,175
Wastewater	13.8%	14,924,203
Airport	8.8%	9,570,010
Environmental Services	0.8%	848,089
Stormwater Utility	7.2%	7,835,899
	<u>100.0%</u>	<u>\$ 108,458,991</u>



Sources of funding are categorized in three categories as shown below:

Pay-As-You-Go	47.0%	\$ 51,011,236
Debt	41.3%	44,747,569
Grants	11.7%	12,700,186
	<u>100.0%</u>	<u>\$ 108,458,991</u>



SCHEDULE OF CAPITAL IMPROVEMENTS - FISCAL YEAR 2006-2007

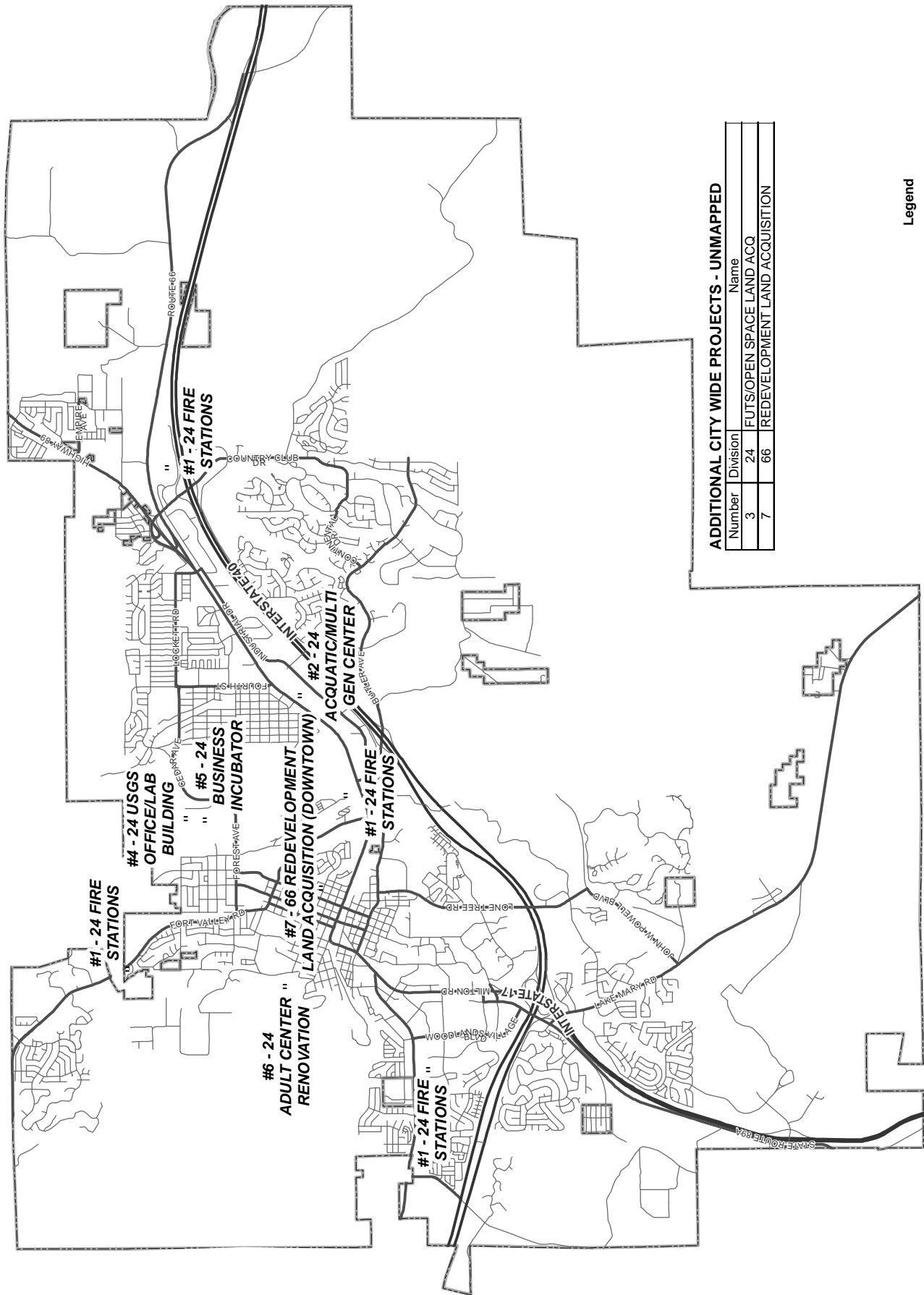
**GENERAL GOVERNMENT
APPROPRIATIONS**

	DIV	PROJECT	CARRYOVER FY 2006	BUDGET FY 2007
1	24	FIRE STATIONS	3,118,030	8,985,654
2	24	AQUATIC/MULTI GEN CENTER	55,172	7,856,295
3	24	FUTS/OPEN SPACE LAND ACQ	1,403,453	1,422,321
4	24	USGS OFFICE/LAB BUILDING		1,000,680
5	24	BUSINESS INCUBATOR		3,364,919
6	24	ADULT CENTER RENOVATION		1,038,500
7	66	REDEVELOPMENT LAND ACQUISITION	2,095,053	3,221,053
		TOTAL GENERAL GOVERNMENT	<u>\$ 6,671,708</u>	<u>\$ 26,889,422</u>

SOURCES OF FUNDING

	DIV	PROJECT	GENERAL FUND	BONDS	OTHER	TOTAL
1	24	FIRE STATIONS		8,985,654		8,985,654
2	24	MULTI GEN CENTER		7,856,295		7,856,295
3	24	FUTS/OPEN SPACE LAND ACQ		1,422,321		1,422,321
4	24	USGS OFFICE/LAB BUILDING		1,000,680		1,000,680
5	24	BUSINESS INCUBATOR		3,364,919		3,364,919
6	24	ADULT CENTER RENOVATION			1,038,500	1,038,500
7	66	REDEVELOPMENT LAND ACQUITISION			3,221,053	3,221,053
		TOTAL GENERAL GOVERNMENT	<u>\$ -</u>	<u>22,629,869</u>	<u>4,259,553</u>	<u>26,889,422</u>

GENERAL GOVERNMENT PROJECTS CAPITAL IMPROVEMENT PROGRAM FY 2006-2007



ADDITIONAL CITY WIDE PROJECTS - UNMAPPED

Number	Division	Name
3	24	FUTS/OPEN SPACE LAND ACQ
7	66	REDEVELOPMENT LAND ACQUISITION

Legend

- Interstate
- Primary Road: Primary/Major Hwy; Secondary/Minor Hwy
- Local Road: Private Right of Way, Ramp, Forest Service, NAU
- City Limits
- 1 inch equals 6,500 feet

SCHEDULE OF CAPITAL IMPROVEMENTS - FISCAL YEAR 2006-2007

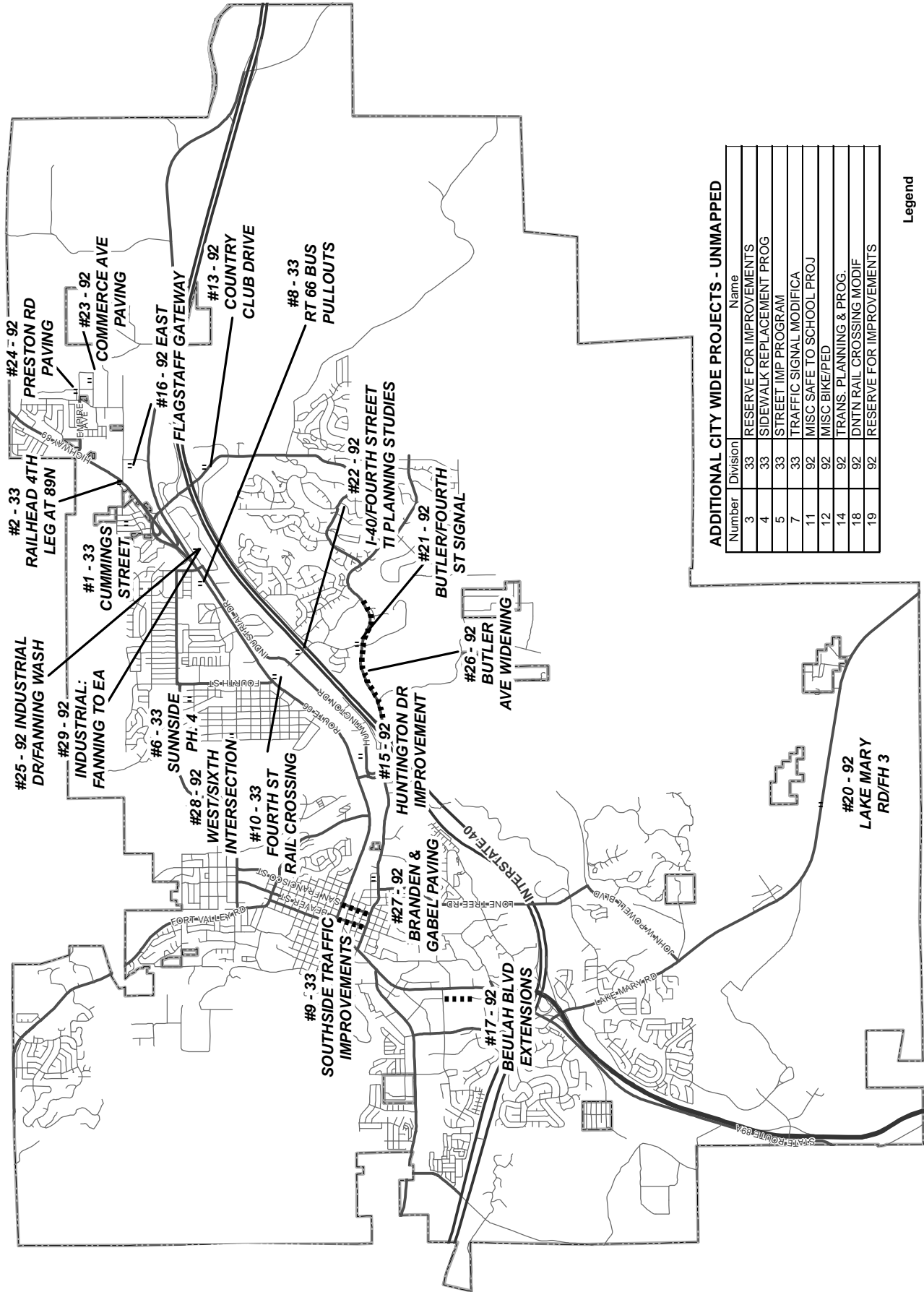
**STREETS/TRANSPORTATION
APPROPRIATIONS**

		CARRYOVER	BUDGET
DIV	PROJECT	FY 2006	FY 2007
1 33	CUMMINGS STREET	82,932	82,932
2 33	RAILHEAD 4TH LEG AT 89N	282,878	557,348
3 33	RESERVE FOR IMPROVEMENTS		50,000
4 33	SIDEWALK REPLACEMENT PROG		15,000
5 33	STREET IMP PROGRAM		1,915,724
6 33	SUNNYSIDE PH.4	409,507	1,439,282
7 33	TRAFFIC SIGNAL MODIFICA		100,000
8 33	RT 66 BUS PULLOUTS	4,960	137,510
9 33	SOUTHSIDE TRAFFICE IMPROVEMENTS	-	300,000
10 35	FOURTH ST RAIL CROSSING	2,840	2,840
11 92	MISC SAFE TO SCHOOL PROJ	121,810	160,496
12 92	MISC BIKE/PED	348,839	409,271
13 92	COUNTRY CLUB DRIVE	26,000	70,000
14 92	TRANS. PLANNING & PROG.	35,171	145,175
15 92	HUNTINGTON DR IMPROVEMENT	665,888	1,548,188
16 92	EAST FLAGSTAFF GATEWAY	6,099,464	6,100,000
17 92	BEULAH BLVD EXTENSIONS		554,000
18 92	DNTN RAIL CROSSING MODIF	63,175	662,785
19 92	RESERVE FOR IMPROVEMENTS		25,000
20 92	LAKE MARY RD/FH 3	45,795	45,795
21 92	BUTLER/FOURTH ST SIGNAL	165,637	237,807
22 92	I-40/FOURTH STREET TI PLANNING STUDIES	50,000	50,000
23 92	COMMERCE AVE PAVING	274,702	274,702
24 92	PRESTON RD PAVING	95,559	95,559
25 92	INDUSTRIAL DR/FANNING WAS	393,113	470,064
26 92	BUTLER AVE WIDENING	368,633	552,570
27 92	BRANDEN & GABEL PAVING		49,662
28 92	WEST/SIXTH INTERSECTION		106,291
29 92	INDUSTRIAL: FANNING TO EA		726,932
TOTAL STREETS AND TRANSPORTATION		<u>\$ 9,536,903</u>	<u>16,884,933</u>

SOURCES OF FUNDING

		HURF	TRANS- PORTATION	GRANTS	BONDS	OTHER	TOTAL
DIV	PROJECT						
1 33	CUMMINGS STREET	82,932					82,932
2 33	RAILHEAD 4TH LEG AT 89N	557,348					557,348
3 33	RESERVE FOR IMPROVEMENTS	50,000					50,000
4 33	SIDEWALK REPLACEMENT PROG	15,000					15,000
5 33	STREET IMP PROGRAM	1,715,724	200,000				1,915,724
6 33	SUNNYSIDE PH.4	1,439,282					1,439,282
7 33	TRAFFIC SIGNAL MODIFICA	100,000					100,000
8 33	RT 66 BUS PULLOUTS			137,510			137,510
9 33	SOUTHSIDE TRAFFIC IMPROVEMENTS	300,000					300,000
10 35	FOURTH ST RAIL CROSSING		2,840				2,840
11 92	MISC SAFE TO SCHOOL PROJ		160,496				160,496
12 92	MISC BIKE/PED		409,271				409,271
13 92	COUNTRY CLUB DRIVE		70,000				70,000
14 92	TRANS. PLANNING & PROG.		145,175				145,175
15 92	HUNTINGTON DR IMPROVEMENT		1,548,188				1,548,188
16 92	EAST FLAGSTAFF GATEWAY		-			6,100,000	6,100,000
17 92	BEULAH BLVD EXTENSIONS		554,000				554,000
18 92	DNTN RAIL CROSSING MODIF		662,785				662,785
19 92	RESERVE FOR IMPROVEMENTS		25,000				25,000
20 92	LAKE MARY RD/FH 3		45,795				45,795
21 92	BUTLER/FOURTH ST SIGNAL		237,807				237,807
22 92	I-40/FOURTH STREET TI PLANNING STUDIES		50,000				50,000
23 92	COMMERCE AVE PAVING		274,702				274,702
24 92	PRESTON RD PAVING		95,559				95,559
25 92	INDUSTRIAL DR/FANNING WAS		470,064				470,064
26 92	BUTLER AVE WIDENING		552,570				552,570
27 92	BRANDEN & GABEL PAVING		49,662				49,662
28 92	WEST/SIXTH INTERSECTION		106,291				106,291
29 92	INDUSTRIAL: FANNING TO EA		726,932				726,932
TOTAL STREETS AND TRANSPORTATION		<u>\$ 4,260,286</u>	<u>6,387,137</u>	<u>137,510</u>	<u>-</u>	<u>6,100,000</u>	<u>16,884,933</u>

STREETS / TRANSPORTATION PROJECTS CAPITAL IMPROVEMENT PROGRAM FY 2006-2007



ADDITIONAL CITY WIDE PROJECTS - UNMAPPED

Number	Division	Name
3	33	RESERVE FOR IMPROVEMENTS
4	33	SIDEWALK REPLACEMENT PROG
5	33	STREET IMP PROGRAM
7	33	TRAFFIC SIGNAL MODIFICA
11	92	MISC SAFE TO SCHOOL PROJ
12	92	MISC BIKE/PED
14	92	TRANS. PLANNING & PROG
18	92	DNTN RAIL CROSSING MODIF
19	92	RESERVE FOR IMPROVEMENTS

Legend

- Interstate
- Primary Road; Primary/Major Hwy; Secondary/Minor Hwy
- Local Road; Private Right of Way; Ramp; Forest Service; NAU
- City Limits

1 inch equals 6,500 feet

SCHEDULE OF CAPITAL IMPROVEMENTS - FISCAL YEAR 2006-2007

BBB

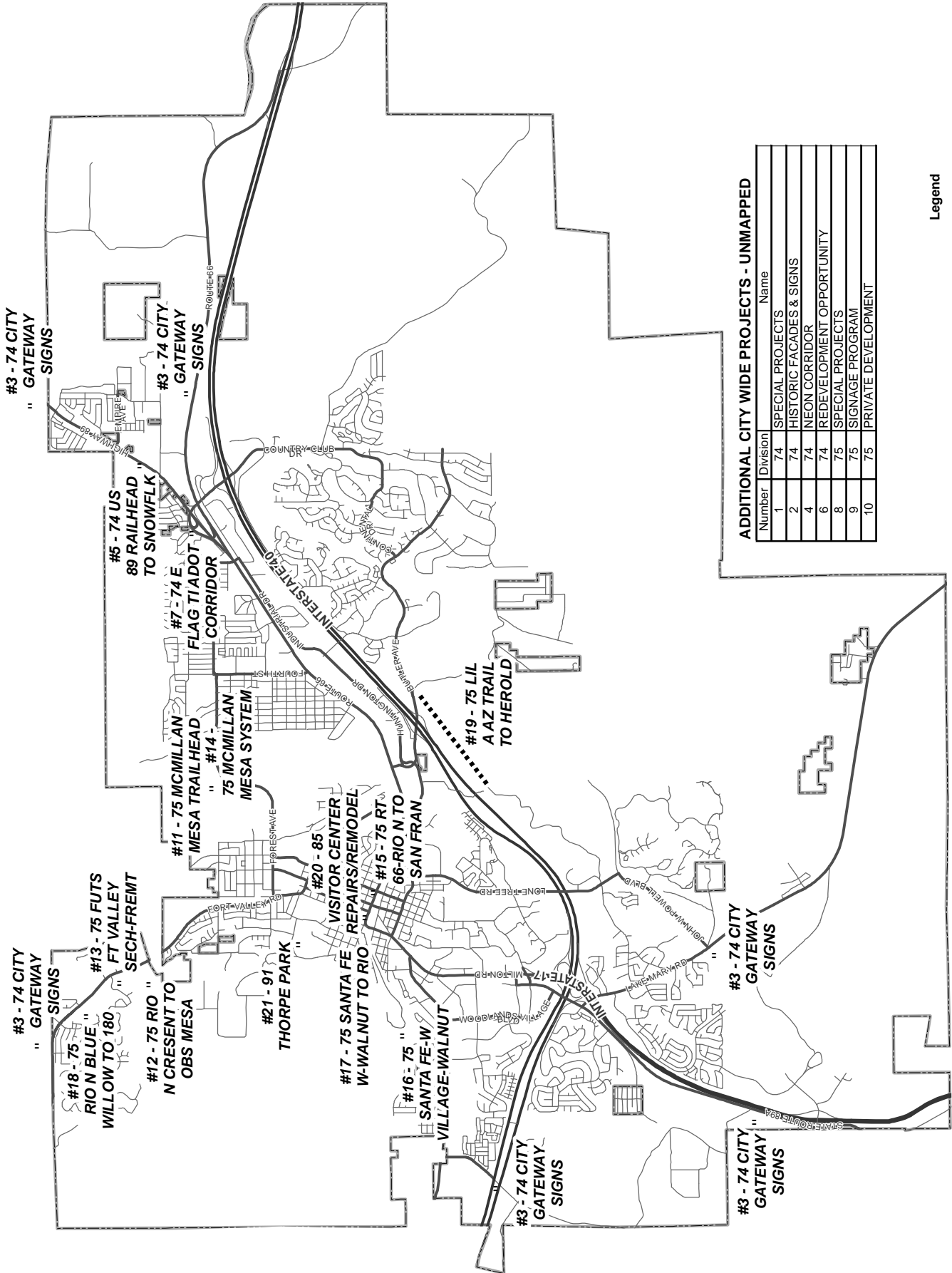
APPROPRIATIONS

	DIV	PROJECT	CARRYOVER FY 2006	BUDGET FY 2007
1	74	SPECIAL PROJECTS		50,000
2	74	HISTORIC FACADES & SIGNS	68,650	118,650
3	74	CITY GATEWAY SIGNS	40,000	80,000
4	74	NEON CORRIDOR		60,000
5	74	US 89 RAILHEAD TO SNOWFLK	972,498	1,069,648
6	74	REDEVELOPMENT OPPORTUNITY		100,000
7	74	E FLAG TI ADOT CORRIDOR	1,166,285	3,191,443
8	75	SPECIAL PROJECTS		58,000
9	75	SIGNAGE PROGRAM	335,488	335,488
10	75	PRIVATE DEVELOPMENT	150,000	150,000
11	75	MCMILLIAN MESA TRAILHEAD		50,000
12	75	RIO N CRESENT TO OBS MESA	231,315	262,400
13	75	FUTS FT VALLEY SECH-FREMT	535,650	538,851
14	75	McMILLIAN MESA SYSTEM	75,268	78,877
15	75	RT66-RIO N TO SAN FRAN	35,094	596,439
16	75	SANTA FE-W VILLAGE-WALNUT	183,000	910,743
17	75	SANTA FE W-WALNUT TO RIO	124,703	1,410,142
18	75	RIO N. BLUE WILLOW TO 180	130,000	353,019
19	75	LIL A AZ TRAIL TO HEROLD		24,878
20	85	VISITOR CENTER REPAIRS/REMODEL	199,537	199,537
21	91	THORPE PARK	1,747,965	4,809,145
		TOTAL BBB	<u>\$ 5,995,453</u>	<u>14,447,260</u>

SOURCES OF FUNDING

	DIV	PROJECT	BBB	TRANS- PORTATION	GRANTS	OTHER	TOTAL
1	74	SPECIAL PROJECTS	50,000				50,000
2	74	HISTORIC FACADES & SIGNS	118,650				118,650
3	74	CITY GATEWAY SIGNS	80,000				80,000
4	74	NEON CORRIDOR	60,000				60,000
5	74	US 89 RAILHEAD TO SNOWFLK	444,648	125,000	500,000		1,069,648
6	74	REDEVELOPMENT OPPORTUNITY	100,000				100,000
7	74	E FLAG TI ADOT CORRIDOR	320,443	316,000	2,555,000		3,191,443
8	75	SPECIAL PROJECTS	58,000				58,000
9	75	SIGNAGE PROGRAM	167,744		167,744		335,488
10	75	PRIVATE DEVELOPMENT	-	150,000			150,000
11	75	MCMILLIAN MESA TRAILHEAD	50,000				50,000
12	75	RIO N CRESENT TO OBS MESA	262,400				262,400
13	75	FUTS FT VALLEY SECH-FREMT	538,851				538,851
14	75	McMILLIAN MESA SYSTEM	78,877				78,877
15	75	RT66-RIO N TO SAN FRAN	96,439		500,000		596,439
16	75	SANTA FE-W VILLAGE-WALNUT	310,743	600,000			910,743
17	75	SANTA FE W-WALNUT TO RIO	685,142	225,000	500,000		1,410,142
18	75	RIO N BLUE WILLOW TO 180	353,019				353,019
19	75	LIL A AZ TRAIL TO HEROLD	24,878				24,878
20	85	VISITOR CENTER REPAIRS/REMODEL	199,537				199,537
21	91	THORPE PARK	-	234,000	550,000	4,025,145	4,809,145
		TOTAL BBB	<u>\$ 3,999,371</u>	<u>\$ 1,650,000</u>	<u>\$ 4,772,744</u>	<u>\$ 4,025,145</u>	<u>14,447,260</u>

**BBB FUNDED PROJECTS
CAPITAL IMPROVEMENT PROGRAM
FY 2006-2007**



ADDITIONAL CITY WIDE PROJECTS - UNMAPPED

Number	Division	Name
1	74	SPECIAL PROJECTS
2	74	HISTORIC FACADES & SIGNS
4	74	NEON CORRIDOR
6	74	REDEVELOPMENT OPPORTUNITY
8	75	SPECIAL PROJECTS
9	75	SIGNAGE PROGRAM
10	75	PRIVATE DEVELOPMENT

Legend

- Interstate
- Primary Road; Primary/Major Hwy; Secondary/Minor Hwy
- Local Road; Private Right of Way; Ramp; Forest Service; NAU
- City Limits

1 inch equals 6,500 feet

SCHEDULE OF CAPITAL IMPROVEMENTS - FISCAL YEAR 2006-2007

WATER

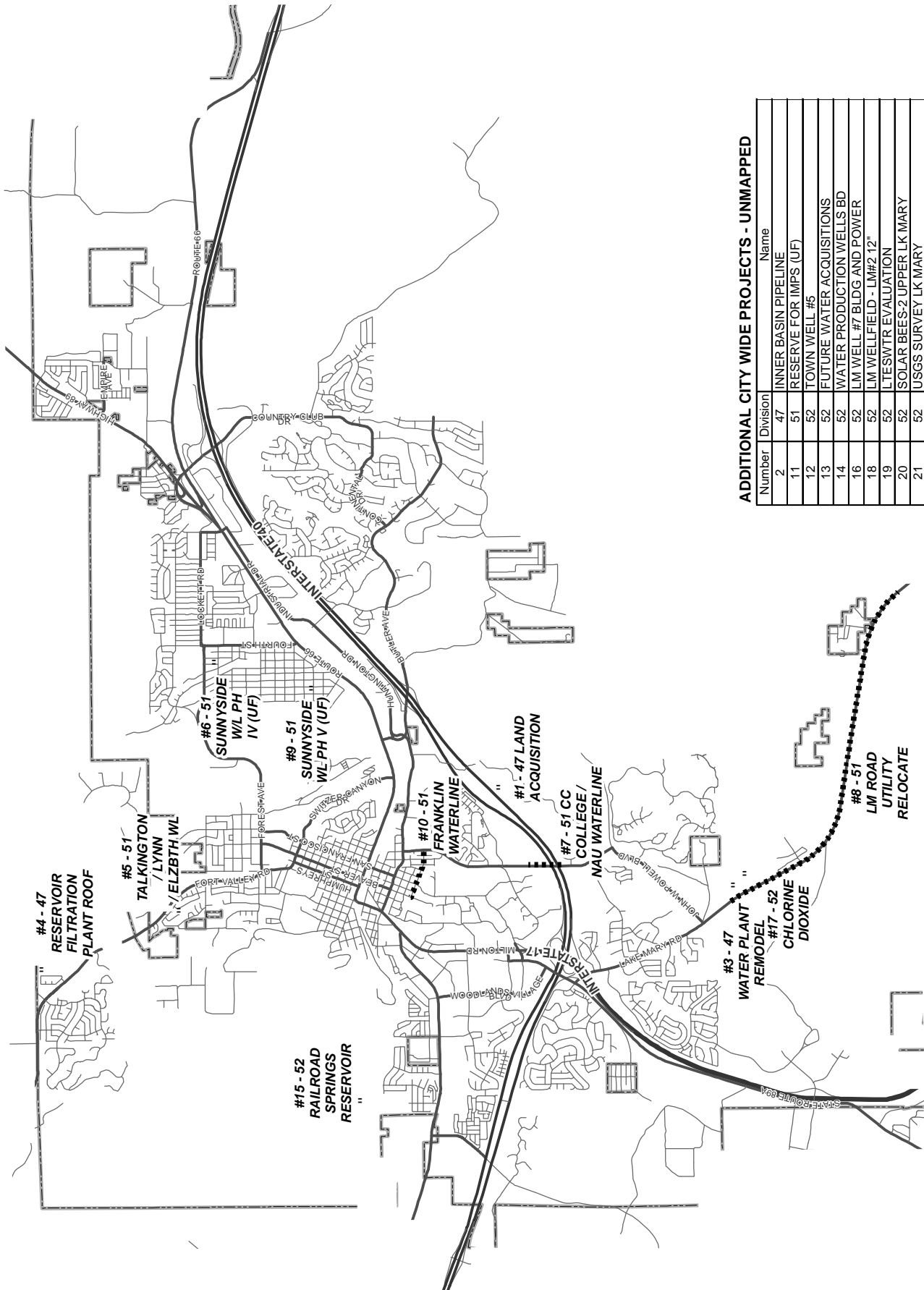
APPROPRIATIONS

	DIV	PROJECT	CARRYOVER FY 2006	BUDGET FY 2007
1	47	LAND ACQUISITION		20,000
2	47	INNER BASIN PIPELINE	301,000	401,000
3	47	WATER PLANT REMODEL	193,125	193,125
4	47	RESERVOIR FILTRATION PLANT ROOF	17,780	17,780
5	51	TALKINGTON/LYNN/ELZBTH WL	555,011	923,288
6	51	SUNNYSIDE W/L PH IV (UF)	557,046	1,269,546
7	51	CC COLLEGE/NAU WATERLINE	327,108	452,108
8	51	LM ROAD UTILITY RELOCATE	10,626	10,626
9	51	SUNNYSIDE WL PH V (UF)	557,046	1,658,447
10	51	FRANKLIN WATERLINE		232,336
11	51	RESERVE FOR IMPS (UF)	61,796	125,400
12	52	TOWN WELL #5		110,000
13	52	FUTURE WATER ACQUISITIONS	7,079,775	7,114,700
14	52	WATER PRODUCTION WELLS BD	2,172,681	3,003,000
15	52	RAILROAD SPRINGS RESRVIOR	507,454	507,454
16	52	LM WELL #7 BLDG AND POWER	170,000	200,000
17	52	CHLORINE DIOXIDE		110,000
18	52	LM WELLFIED -LM#2 12"		389,365
19	52	LTESWTR EVALUATION		60,000
20	52	SOLAR BEES-2 UPPR LK MARY		100,000
21	52	USGS SURVEY		161,000
		TOTAL WATER	12,510,448	17,059,175

SOURCES OF FUNDING

	DIV	PROJECT	OPERATING	BONDS	TOTAL
1	47	LAND ACQUISITIONS	20,000		20,000
2	47	INNER BASIN PIPELINE	401,000		401,000
3	47	WATER PLANT REMODEL	193,125		193,125
4	47	RESERVOIR FILTRATION PLANT ROOF	17,780		17,780
5	51	TALKINGTON/LYNN/ELZBTH WL	923,288		923,288
6	51	SUNNYSIDE W/L PH IV (UF)	1,269,546		1,269,546
7	51	CC COLLEGE/NAU WATERLINE	452,108		452,108
8	51	LM ROAD UTILITY RELOCATE	10,626		10,626
9	51	SUNNYSIDE WL PH V (UF)	1,658,447		1,658,447
10	51	FRANKLIN WATERLINE	232,336		232,336
11	51	RESERVE FOR IMPS (UF)	125,400		125,400
12	51	TOWN WELL #5	110,000		110,000
13	52	FUTURE WATER ACQUISITIONS		7,114,700	7,114,700
14	52	WATER PRODUCTION WELLS BD		3,003,000	3,003,000
15	52	RAILROAD SPRINGS RESRVIOR	507,454		507,454
16	52	LM WELL #7 BLDG AND POWER	200,000		200,000
17	52	CHLORINE DIOXIDE	110,000		110,000
18	52	LM WELLFIED -LM#2 12"	389,365		389,365
19	52	LTESWTR EVALUATION	60,000		60,000
20	52	SOLAR BEES-2 UPPR LK MARY	100,000		100,000
21	52	USGS SURVEY	161,000	-	161,000
		TOTAL WATER	\$ 6,941,475	\$ 10,117,700	\$ 17,059,175

WATER PROJECTS CAPITAL IMPROVEMENT PROGRAM FY 2006-2007



ADDITIONAL CITY WIDE PROJECTS - UNMAPPED

Number	Division	Name
2	47	INNER BASIN PIPELINE
11	51	RESERVE FOR IMPS (UF)
12	52	TOWN WELL #5
13	52	FUTURE WATER ACQUISITIONS
14	52	WATER PRODUCTION WELLS BD
16	52	LM WELL #7 BLDG AND POWER
18	52	LM WELLFIELD - LM#2 12"
19	52	LT SWTR EVALUATION
20	52	SOLAR BEES-2 UPPER LK MARY
21	52	USGS SURVEY LK MARY

Legend

- Interstate
- Primary Road; Major Hwy; Secondary/Minor Hwy
- Local Road; Private Right of Way; Ramp; Forest Service; NAU
- City Limits
- 1 inch equals 6,500 feet

SCHEDULE OF CAPITAL IMPROVEMENTS - FISCAL YEAR 2006-2007

WASTEWATER

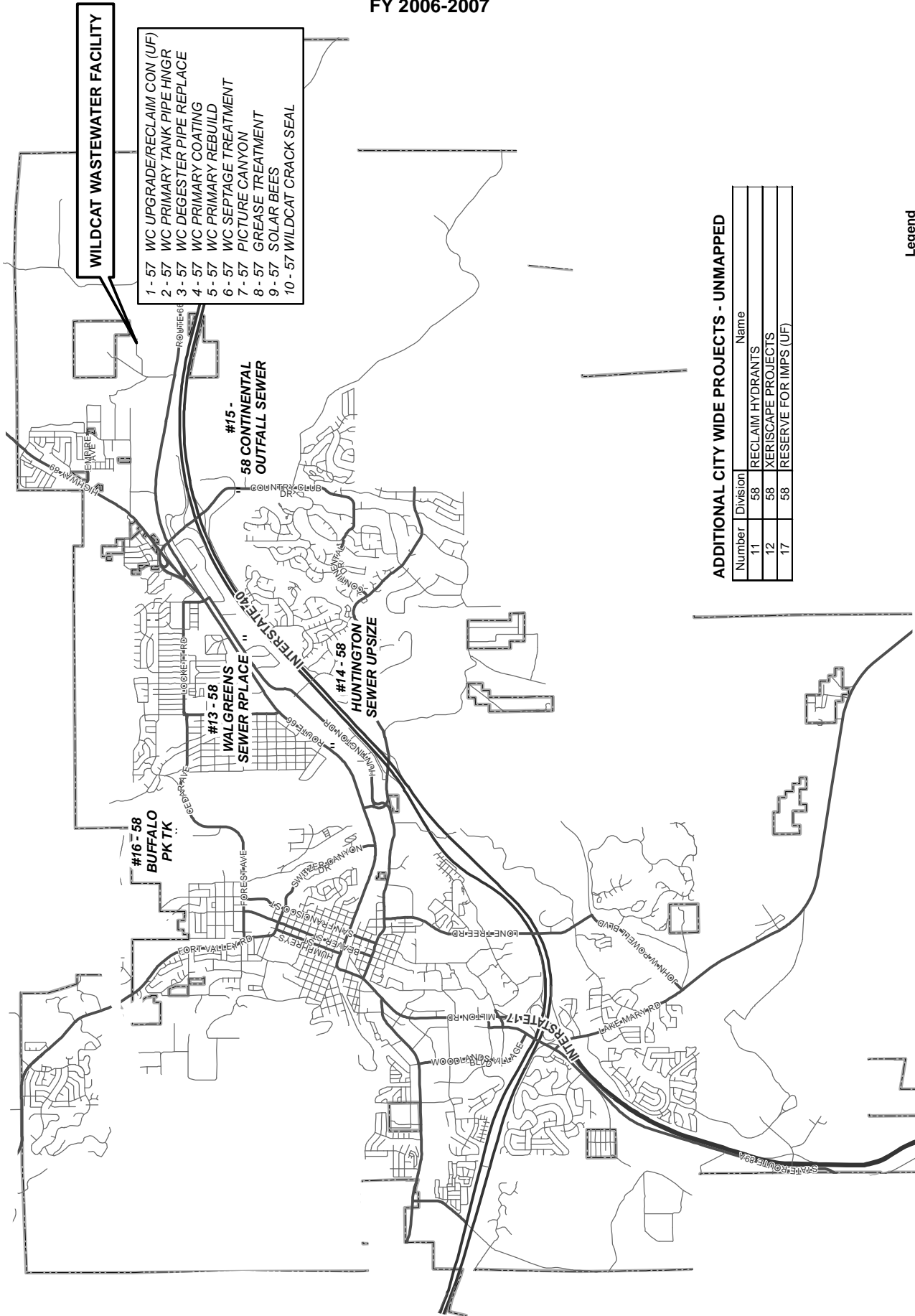
APPROPRIATIONS

	DIV	PROJECT	CARRYOVER FY 2006	BUDGET FY 2007
1	57	WC UPGRADE/RECLAIM CON(UF	12,000,000	12,000,000
2	57	WC PRIMARY TANK PIPE HNGR	60,000	60,000
3	57	WC DIGESTER PIPE REPLACE	115,928	115,928
4	57	WC PRIMARY COATING	173,891	173,891
5	57	WC PRIMARY REBUILD	374,427	374,427
6	57	WC SEPTAGE TREATMENT	316,650	316,650
7	57	PICTURE CANYON		150,000
8	57	GREASE TREATMENT		400,000
9	57	SOLAR BEES		50,000
10	57	WILDCAT CRACK SEAL		32,174
11	58	RECLAIM HYDRANTS	160,000	130,000
12	58	XERISCAPE PROJECTS	50,000	50,000
13	58	WALGREENS SEWER REPLACE	61,072	268,072
14	58	HUNTINGTON SEWER UPSIZE		303,544
15	58	CONTINENTAL OUTFALL SEWER		237,717
16	58	BUFFALO PK TK		170,000
17	58	RESERVE FOR IMPS (UF)		91,800
		TOTAL WASTEWATER	13,311,968	14,924,203

SOURCES OF FUNDING

	DIV	PROJECT	OPERATING	BONDS	TOTAL
1	57	WC UPGRADE/RECLAIM CON(UF		12,000,000	12,000,000
2	57	WC PRIMARY TANK PIPE HNGR	60,000		60,000
3	57	WC DIGESTER PIPE REPLACE	115,928		115,928
4	57	WC PRIMARY COATING	173,891		173,891
5	57	WC PRIMARY REBUILD	374,427		374,427
6	57	WC SEPTAGE TREATMENT	316,650		316,650
7	57	PICTURE CANYON	150,000		150,000
8	57	GREASE TREATMENT	400,000		400,000
9	57	SOLAR BEES	50,000		50,000
10	57	WILDCAT CRACK SEAL	32,174		32,174
11	58	RECLAIM HYDRANTS	130,000		130,000
12	58	XERISCAPE PROJECTS	50,000		50,000
13	58	WALGREENS SEWER REPLACE	268,072		268,072
14	58	HUNTINGTON SEWER UPSIZE	303,544		303,544
15	58	CONTINENTAL OUTFALL SEWER	237,717		237,717
16	58	BUFFALO PK TK	170,000		170,000
17	58	RESERVE FOR IMPS (UF)	91,800		91,800
		TOTAL WASTEWATER	\$ 2,924,203	\$ 12,000,000	\$ 14,924,203

WASTEWATER PROJECTS CAPITAL IMPROVEMENT PROGRAM FY 2006-2007



ADDITIONAL CITY WIDE PROJECTS - UNMAPPED

Number	Division	Name
11	58	RECLAIM HYDRANTS
12	58	XERISCAPE PROJECTS
17	58	RESERVE FOR IMPS (UF)

Legend

- Interstate
 - Primary Road; Primary/Major Hwy; Secondary/Minor Hwy
 - Local Road; Private Right of Way; Ramp; Forest Service; NALU
 - City Limits
- 1 inch equals 6,500 feet

SCHEDULE OF CAPITAL IMPROVEMENTS - FISCAL YEAR 2006-2007

AIRPORT

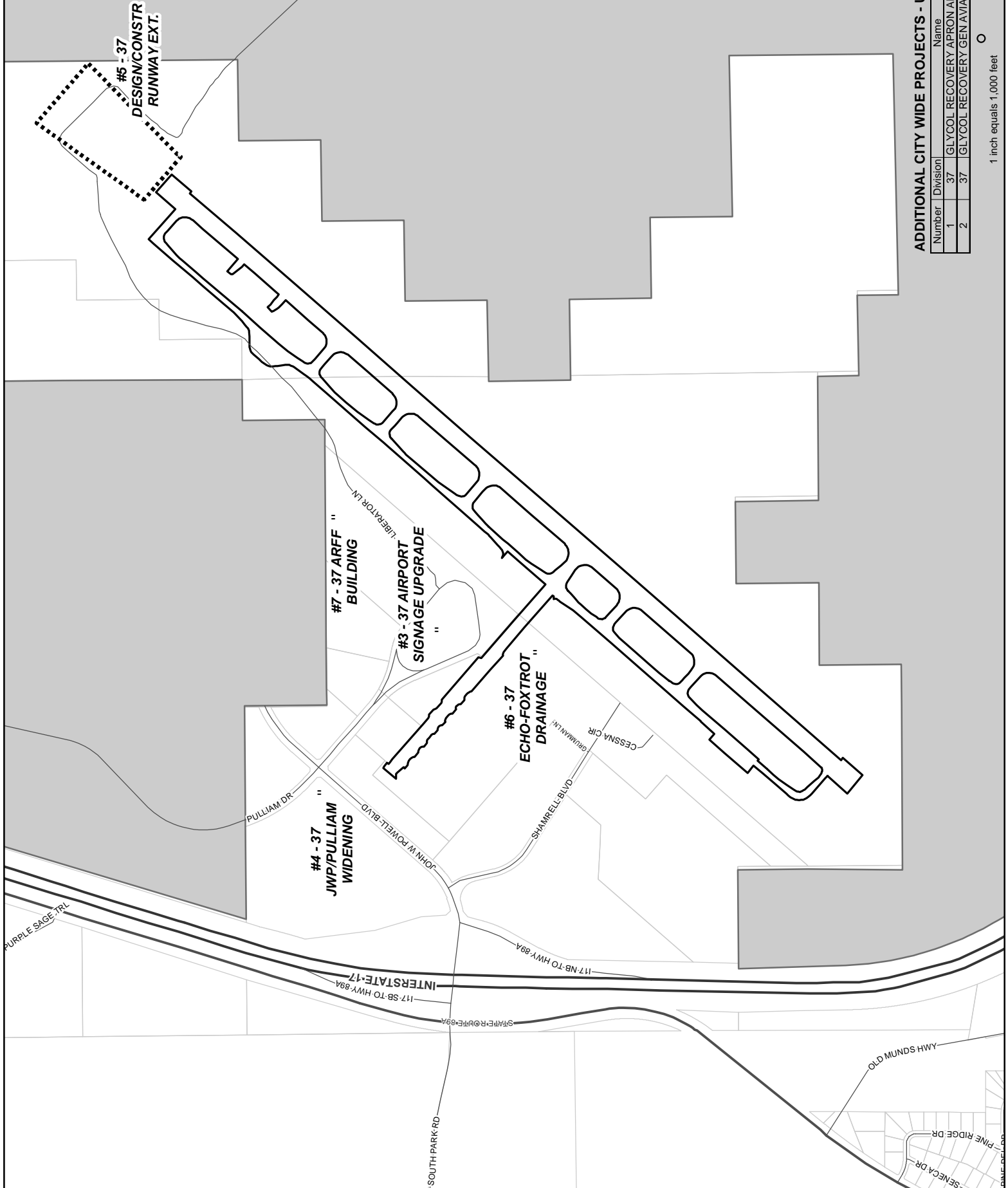
APPROPRIATIONS

	DIV	PROJECT	CARRYOVER FY 2006	BUDGET FY 2007
1	37	GLYCOL RECOVERY APRON ARE		98,461
2	37	GLYCOL RECOVERY GEN AVIAT		297,265
3	37	AIRPORT SIGNAGE UPGRADE		45,000
4	37	JWP/PULLIAM WIDENING		836,256
5	37	DESIGN/CONSTR RUNWAY EXT.	4,683,235	7,100,000
6	37	ECHO-FOXTROT DRAINANGE		219,869
7	37	ARFF BUILDING		13,159
		PERIMETER ROAD CONSTRUCTION		960,000
		TOTAL AIRPORT	<u>\$ 4,683,235</u>	<u>\$ 9,570,010</u>

SOURCES OF FUNDING

	DIV	PROJECT	OPERATING	GRANTS	OTHER	TOTAL
1	37	GLYCOL RECOVERY APRON ARE	98,461			98,461
2	37	GLYCOL RECOVERY GEN AVIAT	297,265			297,265
3	37	AIRPORT SIGNAGE UPGRADE	45,000			45,000
4	37	JWP/PULLIAM WIDENING	41,814	794,442		836,256
5	37	DESIGN/CONSTR RUNWAY EXT.	117,081	6,982,919		7,100,000
6	37	ECHO-FOXTROT DRAINANGE	219,869			219,869
7	37	ARFF BUILDING	588	12,571		13,159
		PERIMETER ROAD CONSTRUCTION	960,000			960,000
		TOTAL AIRPORT	<u>\$ 1,780,078</u>	<u>\$ 7,789,932</u>	<u>\$ -</u>	<u>\$ 9,570,010</u>

**AIRPORT PROJECTS
CAPITAL IMPROVEMENT PROGRAM
FY 2006-2007**



ADDITIONAL CITY WIDE PROJECTS - UNMAPPED

Number	Division	Name
1	37	GLYCOL RECOVERY APRON ARE
2	37	GLYCOL RECOVERY GEN AVIAT

1 inch equals 1,000 feet

SCHEDULE OF CAPITAL IMPROVEMENTS - FISCAL YEAR 2006-2007

ENVIRONMENTAL SERVICES

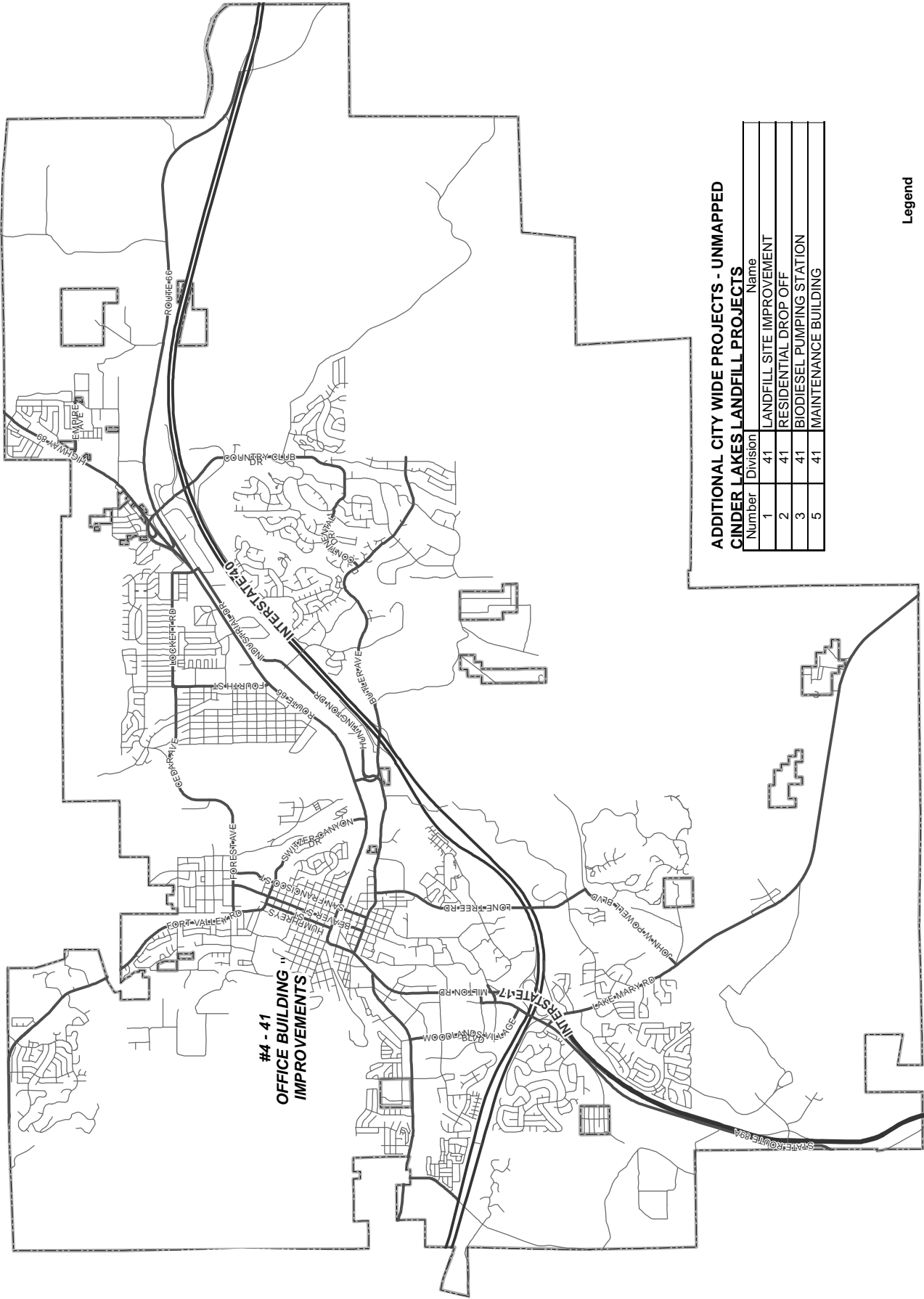
APPROPRIATIONS

	DIV	PROJECT	CARRYOVER FY 2006	BUDGET FY 2007
1	41	LANDFILL SITE IMPROVEMENT		80,000
2	41	RESIDENTIAL DROP OFF	81,164	81,164
3	41	BIODIESEL PUMPING STATION	14,000	14,000
4	41	OFFICE BUILDING IMPROVEMENTS	187,452	187,452
5	41	MAINTENANCE BUILDING	485,473	485,473
		TOTAL ENVIRONMENTAL SERVICES	<u>\$ 768,089</u>	<u>\$ 848,089</u>

SOURCES OF FUNDING

	DIV	PROJECT	OPERATING	TOTAL
1	41	LANDFILL SITE IMPROVEMENT	80,000	80,000
2	41	RESIDENTIAL DROP OFF	81,164	81,164
3	41	BIODIESEL PUMPING STATION	14,000	14,000
4	41	OFFICE BUILDING IMPROVEMENTS	187,452	187,452
5	41	MAINTENANCE BUILDING	485,473	485,473
		TOTAL ENVIRONMENTAL SERVICES	<u>\$ 848,089</u>	<u>\$ 848,089</u>

ENVIRONMENTAL SERVICES PROJECTS CAPITAL IMPROVEMENT PROGRAM FY 2006-2007



SCHEDULE OF CAPITAL IMPROVEMENTS - FISCAL YEAR 2006-2007

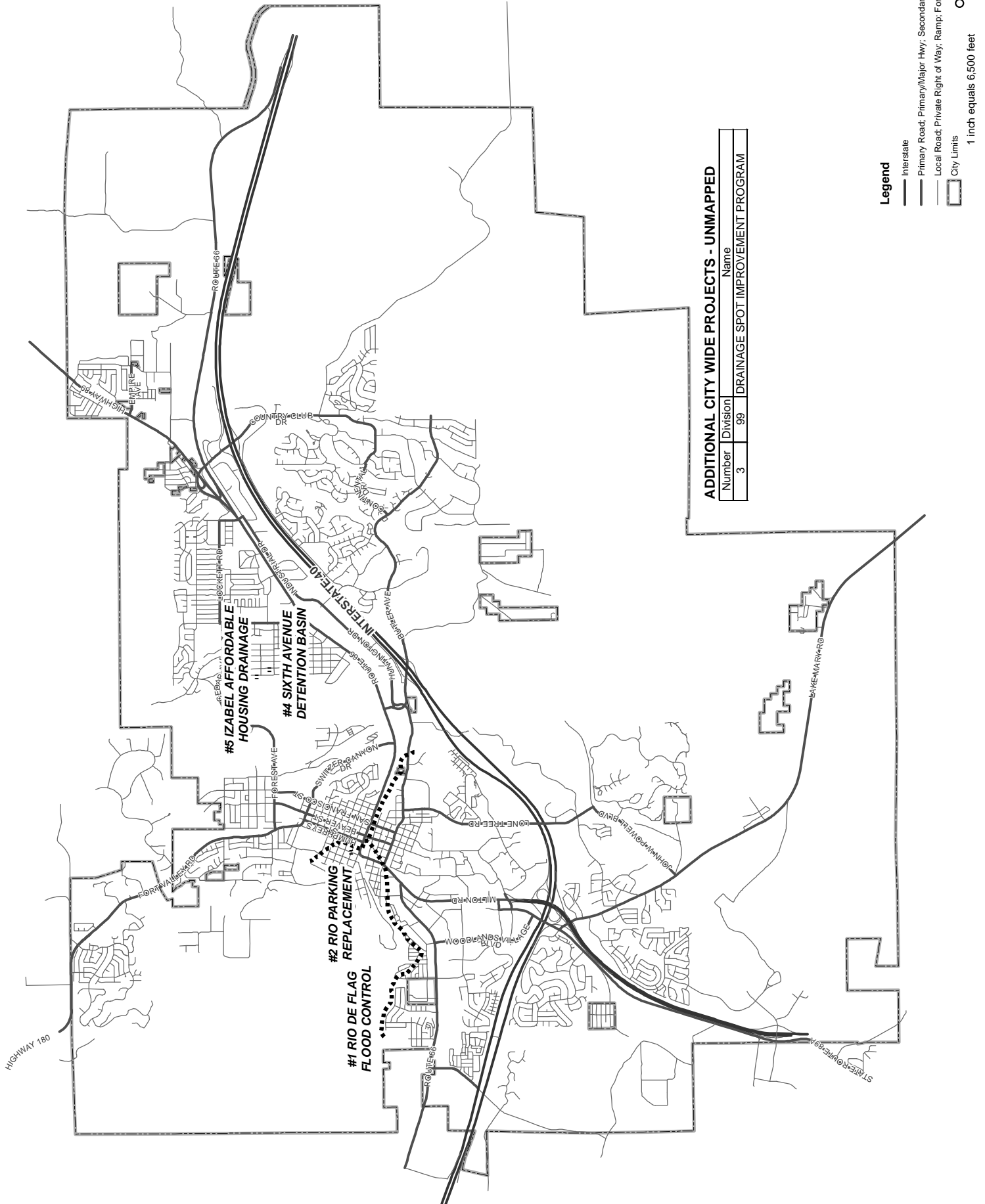
STORMWATER UTILITY
APPROPRIATIONS

	DIV	PROJECT	CARRYOVER FY 2006	BUDGET FY 2007
1	34	RIO DE FLAG FLOOD CONTROL	6,360,899	6,360,899
2	34	RIO PARKING REPLACEMENT	1,200,000	1,200,000
3	99	DRAINAGE SPOT IMPROVEMENT		250,000
4	99	SIXTH AVENUE DETENTION BASIN		5,000
5	99	ISABEL AFFORDABLE HOUSING DRAINAGE		20,000
		TOTAL STORMWATER UTILITY	<u>\$ 7,560,899</u>	<u>\$ 7,835,899</u>

SOURCES OF FUNDING

	DIV	PROJECT	OPERATING	GEN FUND	OTHER	TOTAL
1	34	RIO DE FLAG FLOOD CONTROL	\$ -	6,360,899		6,360,899
2	34	RIO PARKING REPLACEMENT	-	1,200,000		1,200,000
3	99	DRAINAGE SPOT IMPROVEMENT	250,000			250,000
4	99	SIXTH AVENUE DETENTION BASIN	5,000			5,000
5	99	ISABEL AFFORDABLE HOUSING DRAINAGE	20,000			20,000
		TOTAL STORMWATER UTILITY	<u>275,000</u>	<u>7,560,899</u>	<u>-</u>	<u>7,835,899</u>

**STORMWATER PROJECTS
CAPITAL IMPROVEMENT PROGRAM
FY 2006-2007**



FY 2007 PROJECT DESCRIPTIONS

GENERAL GOVERNMENT

1. **Fire Stations Bond 2004:** Fire station relocation as authorized bond 2004 Bond Program.
2. **Aquatic / Multi-Generational Center:** Construction of approximately 50 square feet. Recreation center including leisure pool, fitness area and gym as well as facilities for meeting and recreational classes. Building will be located on NE corner of Fourth Street and Industrial.
3. **FUTS/Open Space Acquisition:** Acquire approximately 750 acres of core open space for FUTS trails as well as for protection of critical open space lands.
4. **USGS Office / Lab Building:** Construction of USGS building that will in turn be leased back to GSA.
5. **Business Incubator:** Develop regional business incubator facility with grant assistance from EDA creating partnership and assisting in the creation of new business.
6. **Adult Center Renovation:** Renovate the existing facility at Thorpe Park to enhance service provided to community.
7. **Redevelopment Land Acquisition:** Purchase of property for redevelopment opportunities.

STREETS/TRANSPORTATION

1. **Cummings Street:** Improvements related to the East Flagstaff Interchange improvements made by ADOT.
2. **Railhead 4th Leg at 89N:** Provide intersection improvements opposite the relocated mall entrance and access for existing business located at the northwest side of US 89N.
3. **Reserve for Improvements:** Annual allocation for unprogrammed street improvements and/or City participation in projects of other agencies (i.e.: ADOT, BNSF, NAU).
4. **Annual Sidewalk Replacement Program:** Provides replacement of curb, gutter and sidewalk in cases where property owners contribute 50% of replacement costs.
5. **Annual Street Maintenance:** Annual crack sealing, seal coating and asphalt overlay and ADA sidewalk compliance.

6. **Sunnyside PH IV:** Street and drainage construction throughout Sunnyside neighborhood in conjunction with utility replacements. Annual O&M costs are estimated to be \$500.
7. **Traffic Signal Modification:** Minor improvements such as turn lanes and signal upgrades at 3 locations.
8. **Route 66 Bus Pullouts:** Construction of Bus Pullouts, shelter pad, right of way as needed and reconstruction of sidewalks.
9. **Southside Traffic Improvements:** Provide traffic, pedestrian and/or bicycle improvements at South Beaver and San Francisco Streets. This will mitigate the effects of one-way traffic and is consistent with the Southside Redevelopment Plan.
10. **Fourth Street Rail Crossing:** The connections of the existing Fourth Street from Route 66 to Huntington/Industrial Drive via a grade separated crossing.
11. **Miscellaneous Safe to School:** As authorized by the transportation program 2000, generally includes traffic control and pedestrian improvements to enhance safety and accessibility in the vicinity of public school facilities. Some projects include City participation in F.U.S.D. projects that involve modifications and improvements located within the public right-of-way.
12. **Miscellaneous Bike Pedestrian Project:** Pedestrian improvements including Pine Knoll Drive and walk from Skydome Drive to Lone Tree Road and Woodlands Village Blvd sidewalk from West Route 66 to Forest Meadows Drive.
13. **Country Club Drive:** Landscape improvement for the Country Club drive median.
14. **Transportation Planning and Programming:** Review by the Capital Improvement Program Committee and the Citizens Transportation Advisory Committee allows for community wide transportation projects to be identified and prioritized based on needs assessment and public input. Transportation projects include pedestrian bikeways, urban trails and safe to school improvements. Projects that define the 5-year Capital Improvement Program have been identified and coordination process will be reviewed and updated on an annual basis.
15. **Huntington Dr Improvements Phase II:** This project will provide curb, gutter and asphalt pavement for Huntington Drive. This project will complete improvements for Huntington Drive that existed between the Butler Enterprise and Fourth Street Railroad crossing projects.

16. **East Flagstaff Gateway:** New roadway and re-alignment construction complements the East Flagstaff Gateway area redevelopment. Connecting Dodge Avenue to old Route 66 and providing additional access to the Mall via a new “loop” road that provides major connectors between old Route 66 and US 89, enhances traffic flow and provides infrastructure improvements to the existing industrial park. Preliminary design, site assessment and construction costs have been developed in conjunction with the approval of a Letter of Agreement between the City of Flagstaff and the developer enacted March 2003.
17. **Beulah Blvd R/W:** Land and right-of-way acquisition for the future extension of Beulah Blvd from Forest Meadows Drive to Yale Street at University Avenue as authorized by Transportation Program 2000.
18. **Downtown Rail Crossing Modifications:** Study to determine construction requirements necessary to eliminate train whistle noise pollution.
19. **Reserve for Improvements:** Annual allocation of transportation tax revenues for unidentified transportation related improvements and/or City participation in transportation related improvements of other agencies (i.e. ADOT, NAU, FMPD).
20. **Lake Mary Road/FH-3:** Interagency project including City, County and Federal highways to provide safety improvements at Lake Mary Road (Forest Highway 3) including reconstruction from Walapai Drive to southern city limits to provide pavement widening and shoulder improvements.
21. **Butler Ave/Fourth St Signal:** Installation of a new traffic signal at the intersection of Butler Avenue and south Fourth Street expected to be warranted with the completion of the Fourth Street rail crossing project and proposed land development South of Butler Avenue.
22. **I-40/Fourth Street Study:** Traffic system modeling and feasibility study to identify traffic circulation advantages and benefits that may be associated with an I-40 traffic interchange at Fourth Street.
23. **Commerce Avenue Paving:** Provide strip paving at existing Commerce Avenue east of Dodge Avenue I order to minimize maintenance costs associated with existing unpaved roadway. Surfacing of existing up-paved streets and roadways was included as an element of the transportation program 2000.
24. **Preston Road Paving:** Provide strip paving at Preston Avenue from Commerce Avenue to Empire Avenue I order to minimize maintenance costs associated with existing unpaved streets and roadways was included an element of the transportation program 2000.
25. **Industrial Drive/Fanning Wash Improvements:** In conjunction with the ADOT East Flagstaff Traffic Interchange Project, Identify and provide drainage facilities for the Fanning Drive wash at Industrial Drive to facilitate the conveyance of flood waters and surface drainage.
26. **Butler Ave Widening:** This is a corridor study for widening of Butler Avenue between Little America Hotel and Sinagua Heights.
27. **Branden and Gabel Paving:** Provide engineering, design services and construction documents for the paving of Brandon Ave. and Gabel St. in the Southside neighborhood.
28. **West Sixth Intersection:** Intersection, pedestrian and traffic signal improvements.
29. **Industrial Drive/Fanning to Eagle Mountain:** Provide engineering and construction services for the paving of Industrial Dr. from Fanning to Eagle Mountain Drive.

BBB

1. **Special Projects (Neighborhoods):** Annual program covering small projects, such as plant replacements as needed, miscellaneous projects, such as historic façade improvements, Twin Arrows sign, Route 66 street light design and partnered contributions throughout the City. Also includes some Clean and Green projects.
2. **Historic Facades Signs:** Part of downtown historic improvements projects includes improvements to buildings and purchase of the Twin Arrow Signs.
3. **City Gateways:** Design and construct gateway monument sign installation s at major entries into City, and freeway corridor improvements as desired and approved
4. **Neon Corridor:** Part of Route 66 street light design conception.
5. **US 89 Streetscape – Railhead to Snowflake:** This project will provide approximately 6,500 linear feet of 10-foot wide concrete, multi-use path along US 89 N from Railhead Avenue to snowflake. The path is a joint project of the City of Flagstaff and ADOT.
6. **Redevelopment Opportunities:** Annual contribution for redevelopment projects, such as Route 66 or other redevelopment opportunities as identified by City Council.
7. **East Flag TI Corridor Enhancements:** Gateway, bicycle and pedestrian enhancements associated with ADOTS East Flag TI reconstruction.

8. **Special Projects:** Project located throughout the City related to the Urban Trail System.
9. **Sign Program:** Beautification portion of Route 66 neon signs.
10. **Private Development:** Donation for development of FUTS trail within Catholic Church development plan.
11. **McMillian Mesa Trailhead:** The Arizona trail passes through McMillian Mesa. This trailhead will serve as the point where these two trails intersect.
12. **Rio North Trail - Crescent to Observatory Mesa:** This project will provide a link to the Blue Willow portion of the FUTS trail.
13. **Ft Valley Trail – Sechrist to Freemont:** US 180, northeast side, Sechrist school to Valley Crest.
14. **McMillan Mesa System:** Providing a link between FUTS and Arizona Trail Systems.
15. **Rt 66 Trail - Rio North Trail to San Francisco:** Trail located along reconstruction realignment from Birth to San Francisco including a crossing under BNSF tracks.
16. **Santa Fe Trail – West Village to Walnut:** New bike/pedestrian under crossing at Walnut and a new steel bridge on the north side of railroad at Sitgreaves.
17. **Santa Fe Trail – Walnut to Rio:** South side of BNSF west to railroad bridge to observatory mesa to west end of Rio north trail. Includes mitigations at Railroad Bridge.
18. **Rio Blue Willow to Hwy 180:** This project will provide a link for the FUTS over the Rio de Flag canyon on the Museum of Northern Arizona property.
19. **Lil A Arizona Trail to Herold:** Link FUTS trail from Little America to Arizona Trail System. (Herold Road).
20. **Visitor Center Repairs/Remodel:** Replace pavers along backside of Visitor Center and Amtrak Station. Current pavers are broken, chipped, uneven and a safety hazard.
21. **Thorpe Park Improvements:** Thorpe Park Master Plan, and Phase I renovation project to improve existing softball fields, restroom, parking, walkways, lighting, multi-purpose field, etc. (central section of park). It is anticipated that the majority of Phase I construction funds will be used to improve the lighting and ensure accessibility.

WATER

1. **Land Acquisition:** Property acquisition.
2. **Inner Basin Pipeline:** Replace approximately 14 miles of concrete pipe with iron pipe city crews replace approximately ½ mile each year.
3. **Water Plant Remodel:** Construct Multi-use conference room, upgrade existing restroom to meet ADA requirements and add additional restroom.
4. **Reservoir Filtration Plant Roof:** Repair damaged roof for chlorine storage area.
5. **Talkington/Lynn/Elizabeth Waterline:** Replace approximately 1,800 feet of 2 inch galvanized mains with 8 inch PVC main.
6. **Sunnyside:** Replacement of undersized waterlines in Sunnyside. Project includes drainage, sewer, sidewalks, and street improvements.
7. **CC College/NAU Waterline:** Approximately 1,600 feet of 12 inch waterline from Coconino Community College to the NAU system to be located in Lone Tree Road.
8. **Lake Mary Road Utility Relocates:** Various utility relocates to accommodate Forest Service road widening project located between Lake Mary Road from water plant to cattle guard.
9. **Sunnyside Phase V:** Replacement of undersized waterlines in Sunnyside. Project includes drainage, sewer, sidewalk, and street improvements in locations where waterlines are being replaced.
10. **Franklin Waterline:** Replacement of galvanized pipe with PVC pipe and add fire hydrant location: Franklin Avenue from Beaver to Lone Tree Road.
11. **Reserve for Improvements:** Annual reserve for unanticipated line replacements and over sizing that may occur.
12. **Town Well #5:** Equipment for the Rio de Flag well.
13. **Future Water Acquisition:** Acquisition of water rights, water ranch, or development of the Redwall Aquifer.
14. **Water Wells:** Design, drilling, and equipping of additional water wells authorized by voters in the May 2004 general election.
15. **Railroad Springs Reservoir:** Participation with the developer of the Presidio Project to upsize the reservoir from 500,000 gallons to 1,000,000 gallons.
16. **Well House and Power for Lake Mary Well #7:** Equip Lake Mary well number 7 and run power to it.

17. **Chlorine Dioxide:** A water treatment system project.
18. **LM Wellfield #2:** Design and construct 12" pipeline from LM #2 to raw water pump station.
19. **LTESWTR Evaluation:** Long term enhanced service water treatment rule requiring ultra violet disinfection process to eliminate the crypto-sporidium.
20. **Solar Bees – 2 Upper Lake Mary:** Two solar powered aerators.
21. **USGS Survey:** Monitoring water inflow into Lake Mary.

WASTEWATER

1. **WC Upgrade/Reclaim Extensions:** Upgrade plant to include nitrogen removal. Class A reclaimed water, extend reclaim lines, change filters at Rio Plant, additional sludge digester and SSB at Wildcat.
2. **WC Primary Tank Pipe Hangar:** Replacement of rusted pipe hangars in the Primary clarifiers.
3. **WC Digester Piping Replacement:** Replacement of gas piping throughout the plant.
4. **Primary Clarifier Coating:** Apply protective coating to interior walls of two digesters. Includes raising the floating covers.
5. **Rebuild Primary Clarifier Mechs:** Upgrade of SCADA system for plant.
6. **Septage Treat Pkg PLT:** Replacement of sludge removal dredge. Used to remove sludge from stabilization basins. Annual O&M costs estimated to be \$4,000.
7. **Picture Canyon:** Realign Rio de Flag channel to original configuration.
8. **Grease Treatment:** A new treatment system at Wildcat Hill.
9. **Solar Bees:** Solar powered water aerators for Lake Mary and Wilcat Ponds.
10. **WC Crackseal/Chipseal:** Crackseal and chipseal access road to plant.
11. **Reclaim Hydrants:** Install five hydrants on the reclaimed water system for construction and fire fighting.
12. **Xeriscape Project:** Installation of low water use landscaping.

13. **Walgreen's Sewer Replace:** Upsize approximately 1000' of sewer to handle capacity requirements.
14. **Huntington Drive Sewer Upsize:** Upsize sewer from MH8-006 to R-002.
15. **Continental Outfall Sewer:** Upsize line between manholes MH#17-008 downstream to MH17-001.
16. **Buffalo Park Tank:** Paint Buffalo Park reservoir.
17. **Reserve for Improvements:** Annual reserve for unanticipated line replacements, over sizing, and development participation that may occur.

AIRPORT

1. **Glycol Recovery Apron:** Provide recovery system for glycol and other particulates due to deicing and washing of airplanes on the tarmac.
2. **Glycol Recovery Gen Aviation:** Provide recovery system for glycol and other particulates in the vicinity of terminal area.
3. **Airport Signage Upgrade:** Replacement and update of way finding signs at airport.
4. **JWP / Pulliam Widening:** Widening of John Wesley Powell between Shamrell and Pulliam Drive.
5. **Design Runway Extension:** Construct new parallel taxiway north from terminal to the end of runway 21. Install appropriate lighting and marking, approximately 4,000 feet by 50 feet. Install new connecting taxiways and remove old taxiway pavements. Annual O&M costs estimated to be \$10,000.
6. **Echo-Foxtrot Drainage:** Correct drainage issues in the vicinity of the Echo Foxtrot hangars.
7. **ARFF Building:** Construct airport rescue/fire facility with equipment bay administrative area, access road, and parking lot.

ENVIRONMENTAL SERVICES

1. **Landfill Site Improvements:** This project is to purchase a fuel storage tank and fueling system.
2. **Residential Drop Off:** This will provide an alternative dumping site for residents.
3. **Biodiesel Pumping Station:** Fueling station to better assist in the Landfill operations.
4. **Office Building Improvements:** Various office space renovations and building improvements.
5. **Maintenance Building:** Provide a space for landfill operations and maintenance of landfill equipment.

STORMWATER

1. **Rio De Flag Flood Control:** In conjunction with the US Army Corps of Engineers, the project consist of design and construction of flood damage reduction improvements on the Rio de Flag and Clay Avenue wash as identified in the Feasibility Study and Environmental Impact Study.
2. **Rio Parking Replacement:** Replacement of parking spaces lost to the Rio Project.
3. **Drainage Spot Improvement Program:** As the result of recent flooding citywide. Stormwater staff is proposing a spot improvement program to mitigate certain localized flooding problems.
4. **Sixth Avenue Detention Basin:** Design and construction of a multi-use detention facility.
5. **Isabel Affordable Housing Drainage:** Reconstruct existing open channel drainage to underground culvert(s) leading into the Sixth Avenue detention basin.

**CITY OF FLAGSTAFF
CAPITAL IMPROVEMENT PROGRAM SUMMARY
FISCAL YEARS 2007-2012**

	Budget 2005-2006	Estimate 2005-2006	Budget 2006-2007	Budget 2007-2008	Budget 2008-2009	Budget 2009-2010	Budget 2010-2011	Budget 2011-2012	Total Plan
Beginning Balance	-		-	-	-	-	-	-	-
Resources									
Debt	49,488,718	3,554,764	44,747,569	23,749,000	3,458,200	18,629,758	-	13,159,000	103,743,527
Grants	11,022,928	3,617,278	12,700,186	15,018,314	2,144,880	7,995,000	8,875,000	2,107,500	48,840,880
Pay-as-you-go	48,540,419	32,414,373	51,011,236	22,607,956	23,929,409	11,544,733	9,944,352	14,323,982	133,361,668
Total Resources	109,052,065	39,586,415	108,458,991	61,375,270	29,532,489	38,169,491	18,819,352	29,590,482	285,946,075
Expenditures									
General Government	14,026,716	2,251,944	26,889,422	16,671,000	13,542,000	14,673,000	535,000	15,194,000	87,504,422
Streets/Transportation	28,008,699	18,641,060	16,884,933	7,436,300	7,027,200	7,313,600	4,691,600	6,150,000	49,503,633
BBB	9,103,161	2,722,810	14,447,260	1,715,669	1,114,889	1,239,889	1,004,889	1,361,219	20,883,815
Utilities: Water	23,046,978	9,710,652	17,059,175	5,835,350	1,230,700	1,789,100	734,800	1,264,500	27,913,625
Utilities: Wastewater	15,621,594	3,552,354	14,924,203	11,739,900	1,070,100	3,161,100	2,599,400	3,688,600	37,183,303
Airport	9,053,038	1,397,198	9,570,010	14,176,191	4,500,000	9,440,000	8,695,555	1,655,555	48,037,311
Environmental Services	930,664	76,575	848,089	-	-	-	-	-	848,089
Stormwater Utility	9,261,215	1,233,822	7,835,899	3,800,860	1,047,600	552,802	558,108	276,608	14,071,877
Total Expenditures	109,052,065	39,586,415	108,458,991	61,375,270	29,532,489	38,169,491	18,819,352	29,590,482	285,946,075
Ending Balance	-	-	-	-	-	-	-	-	-

**CITY OF FLAGSTAFF
CAPITAL IMPROVEMENT PROGRAM LISTING
FISCAL YEARS 2007-2012**

	Budget 2005-2006	Estimate 2005-2006	Budget 2006-2007	Budget 2007-2008	Budget 2008-2009	Budget 2009-2010	Budget 2010-2011	Budget 2011-2012	Total Plan
General Government									
GENERAL FUND									
Police/Sheriff Facility Facilities	37,243	37,243	-	-	-	-	-	-	-
Redevelopment	2,095,053	-	3,221,053	400,000	400,000	400,000	400,000	400,000	2,000,000
Parks (ADA Compliance)				135,000	135,000	135,000	135,000	135,000	3,221,053
				-	-	-	-	-	675,000
General Fund Bond Fund									
USGS Bond 2004	505,477	15,029	-	11,249,000	-	12,167,000	-	13,159,000	36,575,000
Fire Stations	3,915,166	797,128	8,985,654	2,150,000	2,007,000	471,000	-	-	13,613,654
Aquatic/Multi-Gen Center	878,503	823,331	7,856,295	-	-	-	-	-	7,856,295
Aquatic Center	1,257,804	123,510	-	1,237,000	4,500,000	-	-	-	5,737,000
FUTS/Open Space Acquisitions	1,481,294	77,841	1,422,321	500,000	-	1,500,000	-	1,500,000	4,922,321
USGS Office/Lab	-	75,000	1,000,680	-	-	-	-	-	1,000,680
Business Incubator	-	40,700	3,364,919	-	-	-	-	-	3,364,919
Adult Center Renovation	-	61,500	1,038,500	-	-	-	-	-	1,038,500
Observatory Mesa	-	-	-	-	5,500,000	-	-	-	5,500,000
Parks Acquisition				1,000,000	1,000,000	-	-	-	2,000,000
Real Estate Proceeds									
Land Acquisition	1,175,900	-	-	-	-	-	-	-	-
Redevelopment Land Acquisition	1,126,000	662	-	-	-	-	-	-	-
Fire Department Land Acquisition	200,000	200,000	-	-	-	-	-	-	-
Total General Government	12,672,440	2,251,944	26,889,422	16,671,000	13,542,000	14,673,000	535,000	15,194,000	87,504,422

**CITY OF FLAGSTAFF
CAPITAL IMPROVEMENT PROGRAM LISTING
FISCAL YEARS 2007-2012**

	Budget 2005-2006	Estimate 2005-2006	Budget 2006-2007	Budget 2007-2008	Budget 2008-2009	Budget 2009-2010	Budget 2010-2011	Budget 2011-2012	Total Plan
Streets/Transportation									
Streets									
Cummings Street	235,000	-	82,932	-	-	-	-	-	82,932
Railhead 4th Leg at 89N	348,430	65,555	557,348	-	-	-	-	-	557,348
E. Route 66 - CC to Walnut	75,000	-	-	-	-	-	-	-	-
Curb, Gutter, Sidewalk	15,000	38,843	15,000	15,000	15,000	15,000	15,000	15,000	90,000
Overlay	2,134,630	2,409,814	1,915,724	2,075,000	2,075,000	2,125,000	2,125,000	2,275,000	12,590,724
Enterprise/Butler Reconstruction	-	1,700	-	-	-	-	-	-	-
Southside Traffic Improvements	-	-	300,000	200,000	-	-	-	-	500,000
ADA Compliance	176,649	333,766	-	-	-	-	-	-	-
Sunnyside	-	3,550	-	1,044,000	965,000	900,000	-	-	2,909,000
Sunnyside Phase III-B	1,449,667	1,691,153	-	-	-	-	-	-	-
Sunnyside Phase 4	429,507	20,000	1,439,282	-	-	-	-	-	1,439,282
Traffic Signal Modification	-	-	100,000	-	-	-	-	-	100,000
Bus Pullouts	322,700	317,740	137,510	-	-	180,000	-	-	317,510
Reserve for Improvements	50,000	2,500	50,000	25,000	25,000	25,000	25,000	25,000	175,000
Transportation									
4th Street Overpass	10,121,685	10,121,685	2,840	-	-	-	-	-	2,840
Misc Safe to School	219,894	98,084	160,496	-	-	-	-	-	160,496
Misc Bike/Ped	406,839	58,000	409,271	-	-	-	-	-	409,271
Sollere Avenue	-	14,269	-	-	-	-	-	-	-
Country Club Drive	36,500	10,500	70,000	-	-	-	-	-	70,000
Dirt Streets Program	-	184	-	-	-	-	-	-	-
Transportation Planning & Programing	161,671	126,500	145,175	75,000	75,000	75,000	75,000	60,000	505,175
Empire Avenue Extension	278,835	665,155	-	-	-	-	-	-	-
Lone Tree Road Study	22,526	60,000	-	-	-	-	-	-	-
Huntington Drive Improvements	848,888	183,000	1,548,188	770,000	-	-	-	-	2,318,188
East Flagstaff Gateway	7,599,464	1,500,000	6,100,000	-	-	-	-	-	6,100,000
Beulah Blvd. Extension	583,000	583,000	554,000	525,800	497,200	968,600	1,100,000	-	3,645,600
Downtown Pavers	75,000	75,000	-	-	-	-	-	-	-
Street Light Luminaire Replacement	100,000	50,215	-	-	-	-	-	-	-
Downtown Rail Crossing Modifications	128,175	65,000	662,785	290,000	-	-	-	-	952,785
Reserve for Improvements	25,000	2,500	25,000	25,000	25,000	25,000	25,000	25,000	150,000
Lake Mary Rd/FH 3	60,707	12,000	45,795	-	-	-	-	-	45,795
Butler Ave./4th Street Signal	200,637	35,000	237,807	-	-	-	-	-	237,807
I-40/Fourth St TI Planning Studies	58,375	-	50,000	-	-	-	-	-	50,000
Lone Tree Road Reconstruction	-	-	-	-	-	-	-	500,000	500,000
Commerce Ave. Paving	469,794	25,000	274,702	-	-	-	-	-	274,702
Preston Road Paving	171,727	25,015	95,559	-	-	-	-	-	95,559
Industrial Drive/Fanning Wash	406,815	13,702	470,064	-	-	-	-	-	470,064
Butler Ave Widening	401,263	32,630	552,570	1,043,000	3,000,000	3,000,000	-	-	7,595,570

	Budget 2005-2006	Estimate 2005-2006	Budget 2006-2007	Budget 2007-2008	Budget 2008-2009	Budget 2009-2010	Budget 2010-2011	Budget 2011-2012	Total Plan
Streets/Transportation (continued)									
Branden & Gabel Paving		-	49,662	-	-	-	-	-	49,662
West/Sixth Intersection		-	106,291	600,000	-	-	-	-	706,291
Industrial Drive-Fanning to Eagle Mtn Drive		-	726,932	40,000	-	-	-	-	766,932
Steves Blvd Rail X-ing Study		-	-	160,000	-	-	-	-	160,000
Brannen Ave. Paving		-	-	230,000	-	-	-	-	230,000
Butler Ave. Bike Lanes	395,321	-	-	-	-	-	-	-	-
Gabel Street Paving		-	-	68,500	-	-	-	-	68,500
New Traffic Signal PGM		-	-	-	250,000	-	250,000	-	500,000
No Name Street Paving	-	-	-	250,000	-	-	-	-	250,000
Thorpe Road Edge Improvements		-	-	-	100,000	-	-	-	100,000
Country Club/Oakmont		-	-	-	-	-	-	600,000	600,000
West Arrowhead Improvements		-	-	-	-	-	1,076,600	2,650,000	3,726,600
Total Streets/Transportation	28,008,699	18,641,060	16,884,933	7,436,300	7,027,200	7,313,600	4,691,600	6,150,000	49,503,633

**CITY OF FLAGSTAFF
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	Budget 2005-2006	Estimate 2005-2006	Budget 2006-2007	Budget 2007-2008	Budget 2008-2009	Budget 2009-2010	Budget 2010-2011	Budget 2011-2012	Total Plan
BBB									
Beautification									
Special Projects	25,000	38,110	50,000	25,000	25,000	25,000	25,000	25,000	243,650
Historic Facades	118,650	50,000	118,650	-	-	-	-	-	-
Route 66 Streetlight Design	30,000	30,000	-	-	-	-	-	-	-
Twin Arrow Signs	25,000	25,000	-	-	-	-	-	-	-
City Gateways Signs	40,000	40,000	80,000	-	-	-	-	-	80,000
Openspace Restoration	40,000	-	-	-	30,000	30,000	30,000	30,000	120,000
Neon Sign Program	30,000	-	60,000	-	-	-	-	-	60,000
Route 66 - Elden To San Francisco (Incl 2 Spot)	-	-	-	-	-	-	-	-	-
Route 66 East - Country Club to Mall Trail	79,072	-	-	-	-	-	681,219	681,219	681,219
Route 66 - Enterprise To Arrowhead II	-	-	-	-	-	-	215,000	-	215,000
Route 66-Enterprise/Butler	-	1,367	-	-	-	-	-	-	-
US 89 Railroad to Snowflake	1,048,498	76,000	1,069,648	-	-	-	-	-	1,069,648
Redevelopment Opportunity Fund	50,000	-	100,000	50,000	50,000	50,000	50,000	50,000	350,000
E Flag TI Adot Corridor	1,175,000	8,715	3,191,443	25,000	25,000	25,000	25,000	25,000	3,316,443
Rio Wetlands and Public Access	-	-	-	-	-	-	-	-	-
FUTS-Special Projects(Development Agreements)	-	600	58,000	25,000	25,000	25,000	25,000	25,000	183,000
FUTS-Signage	335,488	-	335,488	327,266	-	-	-	-	662,754
FUTS-Private Development	150,000	-	150,000	-	-	-	-	-	150,000
FUTS-McMillian Mesa Trailhead	-	-	50,000	-	-	-	-	-	-
FUTS-Rio North - Crescent to Observatory Mesa Tr	282,315	45,000	282,400	-	-	-	-	-	282,400
FUTS-Fort Valley Trail (Sechrist to Fremont)	893,360	125,000	538,851	-	-	-	-	-	538,851
FUTS-Tunnel Springs Trail	-	32,383	-	-	-	-	-	-	-
FUTS-Mc Millian Mesa (Bridge)	540,737	902,205	78,877	-	-	-	-	-	78,877
FUTS-R166 Tr Rio North Tr to San Francisco	76,152	41,058	596,439	-	-	-	-	-	596,439
FUTS-Lonetree Tr-Sawmill Rd Sinclair Wash Tr	-	2,000	-	-	-	-	-	-	-
FUTS-Santa Fe -West Village to Walnut BNSF	210,000	27,000	910,743	384,889	384,889	384,889	384,889	-	2,450,299
FUTS-Santa Fe West -Walnut to Rio N - ADOT	214,135	145,000	1,410,142	-	-	-	-	-	1,410,142
FUTS-Hospital Rim Trail	-	-	-	100,000	-	-	-	-	100,000
FUTS-Rio North - Blue Willow to Hwy 180	141,454	65,268	353,019	-	-	-	-	-	353,019
FUTS-Little A - Az Trail to Herold Rn Rd	-	-	24,878	53,514	-	-	-	-	78,392
FUTS-Lone Tree Sinclair to Arroyo Park Trail	-	-	-	300,000	-	-	-	-	300,000
FUTS -Lone Tree Butler to Sinclair Wash	-	-	-	-	-	-	-	-	-
FUTS-Lake Mary Zuni Trail to JWP	-	-	-	-	450,000	450,000	-	-	900,000
FUTS-JWP Spur JWP To Bow & Arrow Trail	-	-	-	-	-	-	-	-	-
FUTS-JWP Lone Tree To AZ Trail	-	-	-	-	-	-	-	500,000	500,000
FUTS-Switzer Mesa Turquoise to Ponderosa Pk	-	-	-	-	-	-	-	-	-
FUTS-Bow & Arrow CCC to Az Trail	-	-	-	500,000	-	225,000	225,000	-	450,000
FUTS-Fort Valley Trail (Kendrick to Sechrist)	-	-	-	25,000	-	-	-	-	500,000
Unprogrammed Work	-	-	-	25,000	25,000	25,000	25,000	25,000	125,000
TOURISM									
Visitor Center Repairs/Remodel	-	116,982	199,537	-	-	-	-	-	199,537
RECREATION									
Thorpe Park	2,699,087	951,122	4,809,145	-	-	-	-	-	4,809,145
	8,203,948	2,722,810	14,447,260	1,715,669	1,114,889	1,239,889	1,004,889	1,361,219	20,883,815

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	Budget 2005-2006	Estimate 2005-2006	Budget 2006-2007	Budget 2007-2008	Budget 2008-2009	Budget 2009-2010	Budget 2010-2011	Budget 2011-2012	Total Plan
Water/Wastewater									
Water									
Purch of Property Rights-Watershed	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	120,000
Inner Basin Pipeline	301,001	-	401,000	-	-	-	-	-	401,000
Renovation of Chlorine Storage	200,000	6,875	193,125	-	-	-	-	-	193,125
Roof Replacement-Chlorine Storage	20,000	2,220	17,780	-	-	-	-	-	17,780
Mail Infrastructure	766,000	766,000	-	-	-	-	-	-	-
Waterline Relocations	319,063	8,000	10,626	-	-	-	-	-	10,626
Black Barts/Sinagua Hts Waterline	-	2,765	-	-	-	-	-	-	-
Foxgelm/Skyview Waterline	-	3,023	-	-	-	-	-	-	-
Sunnyside Improvements	1,335,083	185,302	2,927,993	-	-	-	-	-	2,927,993
Mohawk Dr Waterline	-	-	-	72,200	-	-	-	-	72,200
Elm Street Waterline	-	-	-	117,800	-	-	-	-	117,800
CC College/NAU Waterline	349,905	25,892	452,108	-	-	-	-	-	452,108
Ponderosa Trails to Airport W/L	-	-	-	-	405,700	-	-	-	405,700
Talkington/Lynn/Elizabeth Waterline	700,144	130,000	923,288	-	-	-	-	-	923,288
Benton/SF Alley/Elden Waterline	-	-	-	189,500	-	-	-	-	189,500
Franklin Waterline (Beaver/Lone Tree)	-	-	-	-	-	-	-	-	232,336
N. San Francisco Alley Waterline	-	-	-	-	69,500	-	-	-	69,500
Park Street Waterline (Santa Fe/Dale)	-	-	-	-	301,200	-	-	-	301,200
Aspen Waterline (Sitgreaves/Aztec)	-	-	-	-	301,200	-	-	-	301,200
RFP/Turquoise Waterline	-	-	-	-	-	1,632,000	-	-	1,632,000
Beaver Street WL (Phoenix/Dupont)	-	-	-	-	-	-	319,600	-	319,600
Pinal/Papago Alley Waterline	-	-	-	-	-	-	157,700	-	157,700
SCADA	-	-	-	-	-	-	-	190,000	190,000
Reserve	121,796	60,000	125,400	129,200	133,100	137,100	141,200	145,400	811,400
Town Well #5	400,000	400,000	110,000	-	-	-	-	-	110,000
East Reservoir Demolition	85,000	50,000	-	-	-	-	-	-	-
Railroad Springs Reservoir	507,454	-	507,454	-	-	-	-	-	507,454
Water Production Wells	2,273,031	100,350	3,003,000	5,306,650	-	-	-	-	8,309,650
Woody Mtn Arsenic Removal	448,501	-	-	-	-	-	-	-	-
LM Wellfield-LM#2 12" Pipeline	-	-	389,365	-	-	-	-	-	389,365
LTESWTR Evaluation	-	-	60,000	-	-	-	-	-	60,000
Gas Chromatograph	-	-	-	-	-	-	96,300	-	96,300
Flocculator Drive Assemblies	-	-	-	-	-	-	-	413,200	413,200
Clarifier Drive Assemblies	-	-	-	-	-	-	-	495,900	495,900
Solar Bees	-	-	100,000	-	-	-	-	-	100,000
Future Water Rights	15,000,000	7,920,225	7,114,700	-	-	-	-	-	7,114,700
LM Well #7 Bldg and Power	200,000	30,000	200,000	-	-	-	-	-	200,000
LM USGS Survey	-	-	161,000	-	-	-	-	-	161,000
Chlorine Dioxide	-	-	110,000	-	-	-	-	-	110,000
TOTAL WATER	23,046,978	9,710,652	17,059,175	5,835,350	1,230,700	1,789,100	734,800	1,264,500	27,913,625
Wastewater									
Wildcat Crackseal	32,174	32,174	32,174	-	-	-	-	-	96,522
Primary Tank Pipe Hnge-WC	60,000	-	60,000	-	-	-	-	-	120,000
WC Treatment Upgrade/Rec Conn	12,701,482	2,323,328	12,000,000	9,550,000	-	-	-	-	36,574,810
Replacement Dredge	-	-	-	195,600	-	-	-	-	195,600
Rio Plant Clear/Skim Modifier	100,000	69,592	-	-	-	-	-	-	169,592

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Water/Wastewater - Continued	Budget 2005-2006	Estimate 2005-2006	Budget 2006-2007	Budget 2007-2008	Budget 2008-2009	Budget 2009-2010	Budget 2010-2011	Budget 2011-2012	Total Plan
Wildcat Digester Pipe Replace	725,883	-	115,928	-	-	-	-	-	841,811
Wildcat Primary rebuild	374,427	-	374,427	-	-	-	-	-	748,854
Wildcat Septage Treatment	316,650	-	316,650	-	-	-	-	-	633,300
Wildcat Primary Clarifier Coating	173,891	-	173,891	-	-	-	-	-	347,782
Wildcat Piping Replacement	-	-	-	119,400	253,400	-	-	-	372,800
Wildcat Blast and Mortar Wash	-	-	-	153,700	-	-	-	-	153,700
Rio Plant SCADA	-	-	-	-	-	179,100	-	-	179,100
Rio Plant Chipseal	-	-	-	-	31,700	-	-	-	31,700
Wildcat Crackseal & SSBs	-	-	-	-	62,600	-	-	-	62,600
Coat Wildcat Digestors	-	-	-	-	145,700	154,600	-	-	300,300
Wildcat Crackseal	-	-	-	-	-	-	46,400	-	46,400
Paint Buffalo Park Reservoir	-	-	-	-	-	-	-	-	98,500
Expand Reclaimed System	-	-	-	-	-	-	-	1,194,100	1,194,100
Reclaimed Storage	-	-	-	-	-	-	-	2,388,100	2,388,100
Wildcat Landscaping	-	-	-	63,700	-	-	-	-	63,700
Primary Pump Station Replace	-	-	-	106,100	-	-	-	-	106,100
Picture Canyon	-	-	150,000	-	-	-	-	-	150,000
Grease Treatment	-	-	400,000	-	-	-	-	-	400,000
Solar Bees	-	-	50,000	-	-	-	-	-	50,000
Mall Infrastructure	766,000	766,000	-	-	-	-	-	-	1,532,000
SCA Reclaim/Sewer	100,000	270,000	-	-	-	-	-	-	370,000
Xeriscape Projects	50,000	-	50,000	-	-	-	-	-	100,000
Arrowhead/Mt. View Sewer	-	2,105	-	-	-	-	-	-	2,105
Reclaim Hydrants	131,967	-	130,000	-	-	-	-	-	261,967
Walgreens Sewer Replacement	-	-	288,072	-	-	-	-	-	288,072
Huntington/Old Pit Sewer Upsize	-	-	303,544	-	-	-	-	-	303,544
Rio Outfall	-	-	-	742,600	-	787,900	-	-	1,530,500
Continental Outfall Sewer	-	-	237,717	-	-	-	-	-	237,717
Mike's Pike Sewer	-	-	-	214,000	-	-	-	-	214,000
Terrace/Birch Sewer	-	-	-	202,700	332,000	-	-	-	534,700
Lower Greenlaw Sewer	-	-	-	297,600	-	-	-	-	297,600
Phoenix Sewer (Beaver/SF)	-	-	-	-	147,300	-	-	-	147,300
South Beaver Street Sewer	-	-	-	-	-	159,900	-	-	159,900
Upper Greenlaw Phase II	-	-	-	-	-	759,000	-	-	759,000
West Side Interceptor Improvements	-	-	-	-	-	1,020,300	-	-	1,020,300
Circle View Sewer	-	-	-	-	-	-	313,800	-	313,800
San Francisco Sewer Replace	-	-	-	-	-	-	122,300	-	122,300
Hillside Sewer Replacement	-	-	-	-	-	-	114,200	-	114,200
Cherry Hill Sewer Replacement	-	-	-	-	-	-	463,700	-	463,700
N Sunnyside Sewer Replacement	-	-	-	-	-	-	-	-	-
Buffalo Pk Tk Reserve	-	-	170,000	-	-	-	1,337,200	-	1,337,200
Total Wastewater	89,120	89,155	91,800	94,500	97,400	100,300	103,300	106,400	771,975
	15,621,594	3,552,354	14,924,203	11,739,900	1,070,100	3,161,100	2,599,400	3,688,600	37,183,303
TOTAL WATER AND WASTEWATER	38,668,572	13,263,006	31,983,378	17,575,250	2,300,800	4,950,200	3,334,200	4,953,100	65,096,928

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	Budget 2005-2006	Estimate 2005-2006	Budget 2006-2007	Budget 2007-2008	Budget 2008-2009	Budget 2009-2010	Budget 2010-2011	Budget 2011-2012	Total Plan
Airport									
Master Plan Update	60,000	161,870	-						-
Relocation 80 x 100 Hangar	2,280,000								-
Land Acquisition						1,140,000	1,140,000		2,280,000
West Hangar Area	288,868	360,878	-						-
Taxilane Reconstruct	-	-	-	550,000	3,500,000				4,050,000
East Parallel Taxiway South					1,000,000				8,000,000
East Parallel Taxiway North						7,000,000	7,000,000		8,300,000
Grnd Transp JWP/Pulliam Widening		534,171	836,256						836,256
Design/Constr ARFF	169,589	189,628	13,159						13,159
Safety Area Rehab RW3				-	-				-
Runway Extension		10,651	7,100,000	7,626,191	-	-	-	-	14,726,191
Perimeter Road Construction	6,174,581		960,000	6,000,000					6,960,000
Aircraft Washrack			440,726						440,726
Pavement Maintenance	140,000	140,000							-
Future Projects - ADOT							555,555	555,555	1,111,110
Future Projects - FAA								1,100,000	1,100,000
Echo Foxtrot Drainage			219,869			-	-	-	219,869
TOTAL AIRPORT	9,113,038	1,397,198	9,570,010	14,176,191	4,500,000	9,440,000	8,695,555	1,655,555	48,037,311

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FISCAL YEARS 2007-2012**

	Budget 2005-2006	Estimate 2005-2006	Budget 2006-2007	Budget 2007-2008	Budget 2008-2009	Budget 2009-2010	Budget 2010-2011	Budget 2011-2012	Total Plan
Environmental Services									
Office Building Improvements	200,000	12,548	187,452	-	-	-	-	-	187,452
Maintenance Building - Project #414800	500,000	14,527	485,473	-	-	-	-	-	485,473
Biodiesel Pumping Station			14,000						
Cinderlake Landfill Residential Dropoff	130,664	49,500	81,164	-	-	-	-	-	81,164
Fueling Station-Project #414501	-	-	80,000	-	-	-	-	-	80,000
Total Environmental Services	830,664	76,575	848,089	-	-	-	-	-	848,089

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FISCAL YEARS 2007-2012**

	Budget 2005-2006	Estimate 2005-2006	Budget 2006-2007	Budget 2007-2008	Budget 2008-2009	Budget 2009-2010	Budget 2010-2011	Budget 2011-2012	Total Plan
Stormwater Utility									
6th Avenue Detention	378,974	426,116	5,000	-	-	-	-	-	5,000
Walnut Meadows	150,000	150,000	-	-	-	-	-	-	-
Izabel Affordable Hsg Drainage	157,546	157,546	20,000	-	-	-	-	-	20,000
Drainage Spot Improvement	267,456	-	250,000	255,000	260,100	265,302	270,608	276,608	1,577,618
Rio De Flag	7,107,239	500,160	6,360,899	3,545,860	787,500	287,500	287,500	-	11,269,259
Rio Parking Replacement	1,200,000	-	1,200,000	-	-	-	-	-	1,200,000
Total Stormwater Utility	9,261,215	1,233,822	7,835,899	3,800,860	1,047,600	552,802	558,108	276,608	14,071,877

FINANCING THE CAPITAL PLAN

The major sources of financing capital improvements in the upcoming fiscal year are:

Operating Funds	47.0%
Debt Financing	41.3%
Grants	11.7%

The rating agencies (Standard and Poors' Corp. and Moody Investors, Inc.) view 15% from operating funds as highly favorable. The City currently is financing 46.6% of its CIP out of operating funds. However, because of large funding requirements, debt financing still continues to be the major source of financing for capital improvements. A brief description of the major types of financing available and limitations as to use is presented below.

GENERAL OBLIGATION (G.O.) BONDS

Bonds issued as general obligations of the City are secured by the full faith and credit of the City through its power to tax. In order for bonds to be issued, voter authorization must be obtained. Debt service (payment of principal and interest) is to be paid from the proceeds of ad valorem taxes, i.e., property taxes. The Arizona Constitution and State Statutes limit the indebtedness that a jurisdiction may incur by the type of project constructed. The City can issue G.O. bonds up to 20% of the secondary assessed valuation for projects involving water, sewer, artificial lighting, parks, open space, and recreational facilities. For all other general-purpose improvements, the City may issue up to 6% of its secondary assessed valuation. \$49 million is outstanding on July 1, 2006, and the City has \$23.2 million in available capacity at the 6% debt margin and \$89.6 million in available capacity at the 20% debt margin as of July 1, 2006.

HIGHWAY USER REVENUE (HURF) BOND

The State distributes a share of the motor vehicle fuel tax to cities based partially on population (50% of allocation) and partially on jurisdiction of origin. This special revenue source can only be used for maintenance or construction of streets and highways. Special revenue bonds can be issued for construction of street projects, with the gas tax revenues pledged as a source of debt repayment. The annual total debt service, both principal and interest, cannot exceed 50% of the HURF distribution received for the most recent twelve month period by the City.

JUNIOR LIEN BONDS PAYABLE FROM HIGHWAY USER TAX REVENUES

In order for the City to issue junior lien bonds, the City must have received Highway Users Tax Revenues in the twelve months preceding the issuance of the bonds in an amount equal to 1.5 times the highest annual debt service requirements (principal and interest) on all HURF bonds outstanding. Additionally, if coverage is not at least two times the highest debt service requirements, then the proposed bonds must bear a rating at the time of the issuance of "A" or better by one of the nationally recognized rating agencies. The City issued \$5.6 million of junior lien bonds in FY 1993 and \$5.6 million is outstanding as of July 2, 2006. The City may issue any combination of junior and senior lien bonds as long as the coverage requirements are satisfied. Approximately \$26.4 million in capacity is currently available in junior lien bonds or as senior lien bonds.

WATER AND SEWER REVENUE BONDS

In addition to water/sewer G.O. bonds, the City can sell bonds that pledge utility revenues. Debt service requirements are paid from the net revenue derived by the City from the operations of its water and sewer system after provision has been made for the payment from such revenues of the reasonable and necessary expenses of the operation and maintenance of such systems. Therefore, there is no legal limitation on indebtedness that can be incurred; rather, there is only the practical limitations imposed by what the utility rate structures will support.

The \$40.7 million authorized by voters in November 1990 can be either G.O. bonds or revenue bonds. G.O. bonds accounted for \$33.9 million of the issuance. The \$6.8 million remaining authorization was sold in FY 2003 through the Water Infrastructure Financing Authority (WIFA). The City is pledging the revenue of its water and wastewater system.

SPECIAL IMPROVEMENT/ASSESSMENT DISTRICTS

Special improvements/assessments are a means of financing services or capital improvements that benefit specific property owners more than the general public. Majority consent must be obtained from the property owners within the designated geographic assessment district. These property owners are then levied a supplemental property tax assessment for their share of the costs of the improvements. The City is currently assessing two districts.

MUNICIPAL FACILITIES CORPORATION (MFC) BONDS

The Flagstaff Municipal Facilities Corporation, Inc. (MFC) is a not for profit corporation over which the City exercises significant oversight authority. It was formed to assist the City in acquiring land and constructing improvements thereon, constructing and acquiring improvements upon land owned by the City, and in any other way incurring expenses to improve the use of presently owned facilities, or as they may be expanded in the future. The City Charter requires that to construct projects, with the exception of utilities, public safety and street facilities in excess of \$1 million require voter approval. The \$1 million limit is adjusted annually by the consumer price index at July 1 of each year. The estimated amount July 1, 2006 is \$2 million.

The Corporation finances various projects for the benefit of the City by issuing MFC bonds. Bonds may be issued without voter approval and without limitation as to interest rate or amount. The City enters into a rental lease agreement with the corporation sufficient to service the debt on the MFC bonds. The bonds are made marketable by assuring, prior to entering into any lease agreement with the MFC, the City will maintain an excise, transaction privilege, and franchise tax base at least three times the maximum annual debt service.

Most municipalities in Arizona have utilized this method of financing to construct major public projects such as municipal complexes, civic centers, and sports complexes. In September 1997, voters approved \$4.7 million in MFC Bonds for the construction of a facility to be leased by USGS. The City issued these bonds in FY 2001 and \$3.6 million is still outstanding. In May 2000, the City received voter authorization to issue \$25 million in bonds for the construction of an overpass at 4th Street. The City issued these bonds in FY 2004, and \$22.0 million is still outstanding.

CERTIFICATES OF PARTICIPATION

This type of financing is often used for lease purchases and is very similar to bond financing. An official statement for the certificates is prepared, which very closely resembles bond-offering statements. Proceeds from the certificates are remitted through a trust and per the lease agreement to the lessor. Lease payments are made to the trustee who then remits the appropriate funds to the certificate holders. Additionally, the trust holds an assignment agreement with the lessor to protect the investors. Certificates of Participation are often brokered through private placements to hold down issuance costs.

LEASE FINANCING

Under this type of debt financing, a governmental entity enters into a contractual arrangement with the issuer to construct or otherwise acquire facilities and/or

equipment that is needed by the entity. Ordinarily, all operation and maintenance costs are the responsibility of the lessee (borrower).

The lease terms are generally structured such that the rental payments are sufficient to meet debt service costs as well as any administrative expenses. Usually a reserve fund is set-aside at inception as security to obtain a competitive interest rate.

Typically, lease financing is used for acquisition of major capital equipment, e.g., computer systems, fire apparatus, which are very expensive and have a useful life greater than five years but typically are not expected to have a useful life as long as the terms of bonds issued.

GRANTS

Grants are contributions of cash or other assets from another governmental entity to be used or expended for a specified purpose, activity, or facility. Grants can be either capital grants or operating grants. Capital grants are for the acquisition or construction of fixed assets and usually require some local effort match. All other grants are considered operating grants. Grants have specific compliance requirements including prescribing the activities allowed and not allowed, eligibility requirements, matching level of effort or earmarking requirements, reporting requirements, and special provisions to be taken into consideration.

The current expansion at Pulliam Airport is being financed with proceeds from the sale of airport property and ADOT and FAA grants. Major funding for the City's various affordable housing programs is provided through HOME and Community Development Block grants. The City has also received major funding for a streetscape project under the ISTEA (Intermodal Surface Transportation Efficiency) grant.

Block Grant Programs: The Federal government distributes grant funds under eight omnibus block grant programs. With the 1995 Census, HUD designated Flagstaff as an Entitlement Community. This designation allows the City to receive funding directly from HUD. These funds will be used primarily for low income housing repair and construction and infrastructure in low-income neighborhoods.

INTERGOVERNMENTAL AGREEMENTS (IGA)

Infrastructure needs may, at times, overlap different jurisdictional boundaries. Jurisdictions then often enter into an IGA for the construction and proportionally shared payment of the project. One jurisdiction will act as primary lead agent for project management purposes. The Transportation Regional Plan and Storm Drainage Master Plan, in particular, may often require coordinated efforts between the City, Arizona Department of Transportation (ADOT) and Coconino County.

STATE REVOLVING LOAN FUND

Arizona has established a revolving fund empowered to accept Federal capitalization grants for publicly owned wastewater treatment projects pursuant to the Federal Water Pollution Control Act and Water Quality Act. In order to qualify for the Federal monies, the State must match a 20% contribution into the fund. The WIFA that issues bonds that are then lent to different governmental entities to finance projects, manages Arizona's fund. Projects are submitted to WIFA for review, and prioritization. Based on this compilation, projects are then eligible for funding. The City previously received a \$6 million loan from these funds for the reclaimed water distribution system. The WIFA board approved an additional loan of \$6.8 million in water improvements. The City has applied for funding on the May 18 capital project ballot items.

Another loan program available through the State is the Arizona State Transportation Board's Airport Revolving Loan Program. The loans are provided for airport-related construction projects not eligible for federal funding or under other programs and are designed to improve airport self-sufficiency. The City received a \$600,000 loan from these funds for the construction of an additional hangar.

PAY AS YOU GO FINANCING

Projects funded on a pay as you go basis derive their financing from current revenue streams or prior savings that have been kept in fund balance. This method of financing eliminates the need for borrowing and thereby preserves debt capacity for other purposes. Costs are lower because non-debt financing does not incur interest costs. The major drawbacks of pay as you go financing include inadequacy of funds available (taxes, reserves); erratic impact on rate structures (water/sewer rates); legislative approval (formation of improvement district); and political difficulties (impact fees or other exactions).

The City is currently funding 47% of capital improvements on a pay as you go basis. Capital improvements that are considered ongoing improvements and maintenance required expenditures are built into the rate structure of the two enterprise funds (Utilities and Environmental Services). Additionally, the City has sinking reserve funds for landfill closure.